Advanced Education and Technology

learn & imagine

ANNUAL REPORT
2007-08

Alberta

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Advanced Education and Technology 2007-08 Annual Report

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Alberta
Advanced Education
and Technology

Public Accounts 2007-08 - Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 Ministries.

The annual report of the Government of Alberta released June 24, 2008 contains Ministers' accountability statements, the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

On March 12, 2008, the Government of Alberta announced new ministry structures. Advanced Education and Technology's ministry structure remained the same.

This annual report of the Ministry of Advanced Education and Technology contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- the financial statements of entities making up the Ministry including the Department of Advanced Education and Technology, regulated funds and provincial agencies for which the Minister is responsible,
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2008 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 10, 2008 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Doug Horner

Doug Horner
Minister of Advanced Education and Technology

Message from the Minister

I am pleased to present the 2007-08 annual report for the Ministry of Advanced Education and Technology. In this report, you will read about the ministry's achievements and highlights during the fiscal year.

In 2007-08, the ministry, together with its stakeholders, partners, and agencies made great strides towards creating accessible, affordable, high-quality learning opportunities for Albertans and supporting innovation and technology commercialization in Alberta by:

- Releasing the Roles and Mandates Policy Framework for Alberta's publicly funded advanced education system to ensure strategic long-term planning for advanced education in Alberta;
- Implementing significant enhancements to the student financial assistance program through the Affordability Framework;
- Establishing a Value-Added and Technology Commercialization Task Force to develop a strategy for technology commercialization and economic diversification;
- Increasing the total number of apprenticeship seats scheduled at public post-secondary institutions by 21 percent;
- Providing $50 million through the Access to the Future Fund to match donations to post-secondary institutions and fund innovative and collaborative projects in the advanced learning system;
- Awarding $54 million in scholarships, the most ever, recognizing the achievement of excellence that occurs throughout the learning process;
- Introducing a $130 million Alberta Nanotechnology Strategy to help Alberta capture a share of the global nanotechnology market; and
- Investing $50.6 million in energy research and technology and over $36 million in life science research and innovation.

By working together with stakeholders, Advanced Education and Technology has made exceptional progress in building a stronger Alberta and managing growth pressures by increasing access, affordability, and quality in advanced education and by responding to the recommendations of the Value Added and Technology Commercialization Task Force.

Through these and other strategic investments and initiatives, the ministry is meeting the evolving and diverse needs of learners, employers, and society while broadening Alberta's role in the competitive global economy. Strengthening our advanced learning and innovation systems will stimulate lifelong learning, innovation, research, and the commercialization of new technologies to create opportunities for all Albertans. We will continue to strengthen Alberta's progress towards a diverse and world-class knowledge-based economy to sustain our high quality of life for generations to come.

Doug Horner

Doug Horner
Minister of Advanced Education and Technology

Management's Responsibility for Reporting

The Ministry of Advanced Education and Technology includes:

- the Department of Advanced Education and Technology,
- the Access to the Future Fund,
- the Public Post-Secondary Institutions,
- the Alberta Research Council Inc., and
- Informatics Circle of Research Excellence (iCORE) Inc.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Advanced Education and Technology. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As deputy minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and Enterprise and the Minister of Advanced Education and Technology any information needed to fulfill their responsibilities, and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

Annette Trimbee
Deputy Minister of Advanced Education and Technology
September 10, 2008

Overview

Introduction

Operational Overview

Summary of Key Activities

Introduction

Alberta Advanced Education and Technology's vision and mission define the ministry. The ministry's vision is its view of the future and the mission describes the ministry's purpose and reason for existence.

The ministry's goals are broad statements describing the desired outcomes that the ministry wants to achieve in fulfilling its mission.

The vision, mission and goals below guided the work of the ministry in the 2007-08 fiscal year.

Vision ***Alberta leads the world in inspiring and supporting lifelong learning for all its peoples, and prospers through innovation.***

Mission ***Assist Alberta to be a learning and innovative society.***

Advanced Education and Technology's goals align with its two Core Businesses:

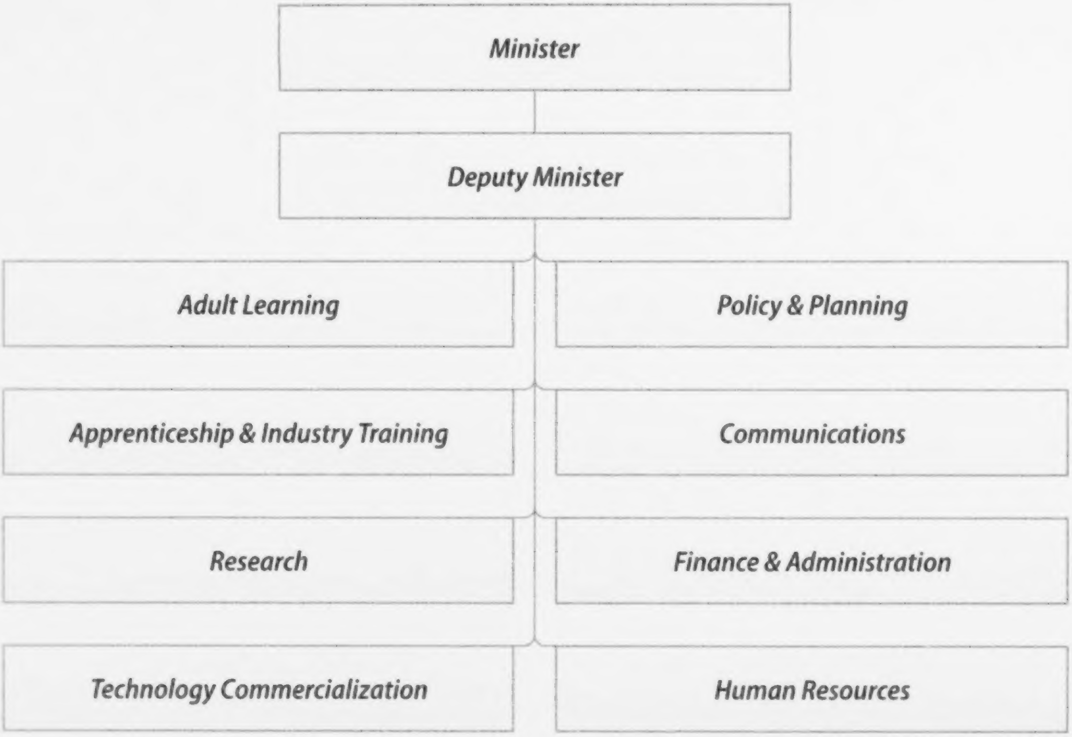
Goals

Core Business 1	*A Learning Alberta*
Goal 1	***A Learner-Centred System Accessible to all Albertans***
Goal 2	***Vibrant and Sustainable Learning Communities and Partnerships***
Goal 3	***A Globally Recognized Quality Advanced Learning System***
Core Business 2	*Innovation*
Goal 4	***Build Research and Innovation Capacity in Key Areas***
Goal 5	***Capturing Value through Innovation***

Operational Overview

In collaboration with learning providers, industry, communities, government agencies and non-governmental organizations, the Ministry of Advanced Education and Technology strives to fulfill its mandate to create accessible, affordable and quality learning opportunities that respond to the ongoing learning needs of Albertans. The ministry collaborates with key innovation support agencies to foster support for commercialization and innovation activities across the province.

Department of Advanced Education and Technology


Minister
Deputy Minister
Adult Learning
Policy & Planning
Apprenticeship & Industry Training
Communications
Research
Finance & Administration
Technology Commercialization
Human Resources

The Department of Advanced Education and Technology is organized into Adult Learning, Apprenticeship and Industry Training, Research, Technology Commercialization and Policy and Planning divisions. In addition, Communications, Finance and Administration and Human Resources provide supporting functions to the work of the ministry. Each division provides specific expertise to the advanced learning and innovation system. All divisions share responsibility for providing integrated service by partnering with one another, and with other Alberta ministries, post-secondary institutions, adult learning providers, stakeholder organizations and industry.

Department of Advanced Education and Technology

Program Divisions

Adult Learning

The Adult Learning Division works with community adult learning organizations and public and private post-secondary institutions to support adult learners, provide learning opportunities and enhance the advanced learning system. Specifically, the division funds advanced learning providers; provides student financial assistance to Albertans; coordinates and approves programs of study at public institutions; licenses and approves programs offered by private providers; and supports and provides community adult learning opportunities. The division also coordinates and supports activities of the Access Advisory Council, the Alberta Council on Admissions and Transfer, the Campus Alberta Quality Council and the Students Finance Board.

Apprenticeship and Industry Training

The Apprenticeship and Industry Training Division works with industry, employer and employee organizations, technical training providers, government and ministry divisions to support the development, maintenance and delivery of designated trade and occupation programs. Specifically, the division provides planning, coordination and policy support to the Alberta Apprenticeship and Industry Training Board and its network of industry committees; facilitates industry's development of training and certification standards; counsels apprentices and employers; provides funding for approved programs; promotes participation and certifies individuals in designated trades and occupations and monitors the workplace for compliance with the *Apprenticeship and Industry Training Act* and regulations.

Research

The Research Division works with the Alberta Science and Research Authority and its research institutes for Life Sciences, Energy, Information and Communications Technology, Agriculture and Forestry. The division coordinates, supports and promotes research, development and innovation in the strategic priority sectors of energy, life sciences (e.g. agriculture, forestry, health and water), information and communications technology and nanotechnology. The University Research and Strategic Investments Branch is responsible for the pre and post award management of research capacity/equipment grant programs and the Innovation and Service Excellence Program. The branch helps to align research institute initiatives and other research partners where appropriate to build capacity and research excellence.

Technology Commercialization

The Technology Commercialization Division supports the creation and establishment of new technology companies in key emerging industries by focusing on four areas of activity: technology development services; business development services; access to capital; and international partnerships and investment attraction. The division also provides the department with information management and technology services.

Support Division and Functions

Policy and Planning

The Policy and Planning Division supports the ministry in strategic corporate planning and reporting, policy development, research and analysis, and associated legislative and regulatory services. The division also coordinates department-wide environmental scanning and consultation activities and provides Freedom of Information and Protection of Privacy (FOIP) services.

Communications

Communications provides timely, strategic communications support and advice (planning, consulting and technical guidance) to the minister and the department on key issues, policies and initiatives. Communications works closely with other provincial departments and other levels of government, media, stakeholders, educational and research institutions and others to inform Albertans about the importance of advanced learning and innovation.

Finance and Administration

Finance and Administration provides strategic advice and services to the ministry in areas such as financial planning, reporting and operations. The goal of Finance and Administration is to ensure the effectiveness and efficiency of financial management, accountability and administration functions within the ministry.

Human Resources

Human Resources consults, supports and advises the department on all activities related to the management of its human resources such as policy and planning, staffing, performance management, job classification and organization design, employee relations, staff development, occupational health and safety, wellness and pay and benefits.

Entities Included in Ministry Financial Statements

Minister

- *Department of Advanced Education & Technology*
- *Access to the Future Fund*
- *Alberta Research Council Inc.*
- *iCORE Inc.*
- *Public Post-Secondary Institutions*

Public Post-Secondary Institutions

Universities

- University of Alberta
- University of Calgary
- University of Lethbridge
- Athabasca University

Colleges

- Alberta College of Art & Design
- Bow Valley College
- Grande Prairie Regional College
- Grant MacEwan College
- Keyano College
- Lakeland College
- Lethbridge College
- Medicine Hat College
- Mount Royal College
- NorQuest College
- Northern Lakes College
- Olds College
- Portage College
- Red Deer College

Technical Institutes

- Northern Alberta Institute of Technology
- Southern Alberta Institute of Technology

Banff Centre

- The Banff Centre for Continuing Education

Other Entities

Minister

- *Alberta Heritage Foundation for Medical Research*
- *Alberta Heritage Foundation for Science and Engineering Research*

Entities Included in Ministry Financial Statements

Department of Advanced Education and Technology

For an overview of the Department of Advanced Education and Technology see pages 6 and 7.

Access to the Future Fund

The Access to the Future Fund supports innovation and excellence within the advanced learning system to enhance and expand accessible, affordable and high quality learning opportunities. The fund receives income from an endowment held within the Alberta Heritage Savings Trust Fund. Established in 2005, the endowment is targeted to reach $3 billion at full implementation.

Alberta Research Council Inc.

Alberta Research Council Inc. is a not-for-profit corporation owned by the Government of Alberta that delivers innovative science and technology solutions to meet the priorities of industry and government in Alberta. The corporation accelerates the development and commercialization of products, processes and services in the energy, life sciences, agriculture, environment, forestry and manufacturing sectors.

iCORE Inc.

iCORE Inc. is a not-for-profit corporation owned by the Government of Alberta that supports the innovation-based economy of the province by attracting world-class information and communications technology researchers and graduate students to Alberta. Access to research expertise and high quality students provides Alberta's traditional and emerging industry sectors with the knowledge and human resources needed to compete in the global economy.

Public Post-Secondary Institutions

Alberta's public post-secondary institutions include universities, colleges, technical institutes and the Banff Centre.

Alberta's four universities offer a range of undergraduate degree programs and graduate studies. Universities are responsible for the majority of research carried out within the province's post-secondary system. Main campuses for Alberta's three campus-based universities are located in Calgary, Edmonton and Lethbridge. There is also one distance learning university located in Athabasca.

Alberta's 14 colleges may offer academic upgrading, job readiness, apprenticeship, certificate, diploma, university transfer, baccalaureate and applied degree programs.

Alberta also has two technical institutes that offer programs tailored to workplace requirements. Technical institutes may offer certificate, diploma, baccalaureate and applied degree and apprenticeship programs.

The Banff Centre for Continuing Education provides advanced continuing education opportunities in fine arts, management studies, language training and environmental training for people who already have academic credentials and/or professional experience in their discipline.

Other Entities

The following entities are arms-length from, but accountable to the Government of Alberta. They are excluded from consolidated budgets and financial statements of both the ministry and the Government of Alberta. Under their respective statutes, these entities must prepare an annual report of their activities, including audited financial statements, and submit these to the minister.

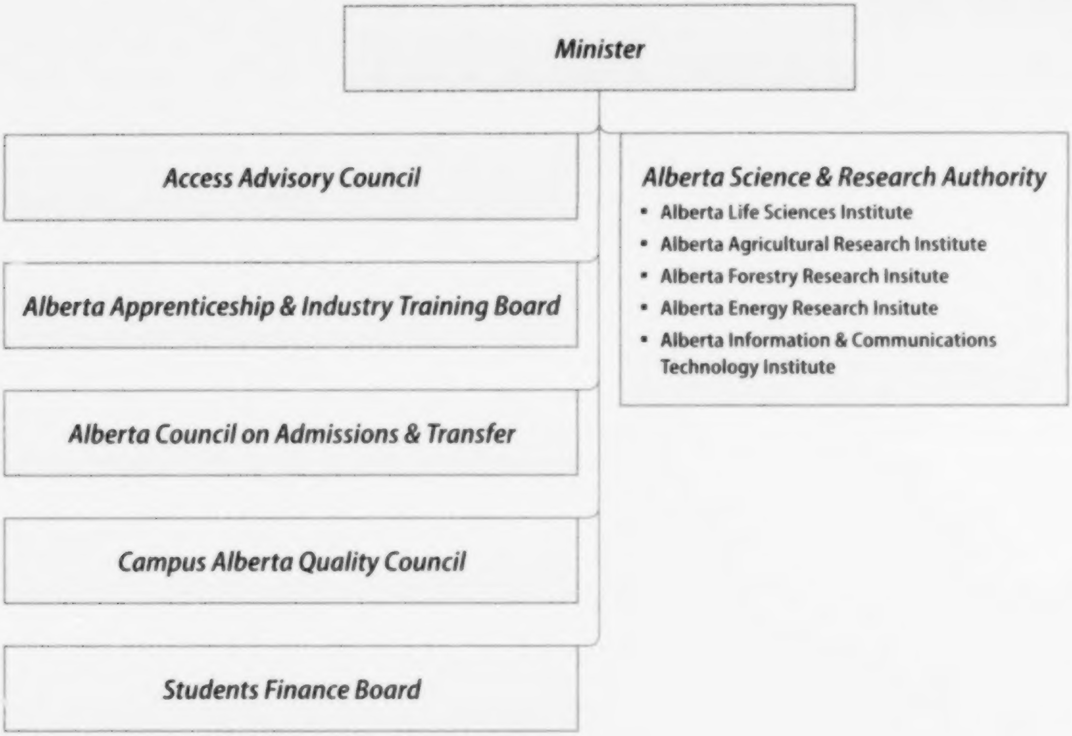
Alberta Heritage Foundation for Medical Research

The Alberta Heritage Foundation for Medical Research supports biomedical and health research at Alberta universities, affiliated institutions and other medical and technology-related institutions. The foundation currently provides funding for over 600 researchers and researchers-in-training at the province's three main universities. Total funding awarded since 1980 is in excess of $850 million.

Alberta Heritage Foundation for Science and Engineering Research

The Alberta Heritage Foundation for Science and Engineering Research supports a balanced, long-term program of science and engineering research based in Alberta to nurture the discovery of new knowledge and encourage its application to benefit Albertans.

Advisory Boards, Councils and Authorities


Minister
Access Advisory Council
Alberta Apprenticeship & Industry Training Board
Alberta Council on Admissions & Transfer
Campus Alberta Quality Council
Students Finance Board
Alberta Science & Research Authority
• Alberta Life Sciences Institute
• Alberta Agricultural Research Institute
• Alberta Forestry Research Insitute
• Alberta Energy Research Insitute
• Alberta Information & Communications Technology Institute

Advisory Boards, Councils and Authorities

Access Advisory Council

The Access Advisory Council is appointed by the Minister of Advanced Education and Technology. The council provides strategic advice and recommendations to the Minister of Advanced Education and Technology regarding the objectives, operation and reporting of the Access to the Future Fund.

Alberta Apprenticeship and Industry Training Board

The Alberta Apprenticeship and Industry Training Board is appointed by the Lieutenant Governor in Council. The board works with industry to establish the standards and requirements for training and certification in programs under the *Apprenticeship and Industry Training Act*. It makes recommendations to the Minister of Advanced Education and Technology about the needs of Alberta's labour market for skilled and trained workers and the designation of trades and occupations.

Alberta Council on Admissions and Transfer

The Alberta Council on Admissions and Transfer is appointed by the Minister of Advanced Education and Technology, with representatives from the public, students, the universities, public colleges and technical institutes, private colleges and the Ministry of Alberta Education. Reporting to the Minister of Advanced Education and Technology, it is responsible for developing policies, guidelines and procedures designed to facilitate transfer agreements among post-secondary institutions.

Campus Alberta Quality Council

The Campus Alberta Quality Council provides advice to the Minister of Advanced Education and Technology with respect to the quality of all proposed degree programs at both public and private institutions. It is also responsible for monitoring these programs once they are approved to ensure that the Council's conditions and quality standards continue to be met.

Students Finance Board

The Students Finance Board is appointed by the Minister of Advanced Education and Technology, with representatives from the public and students. The board provides advice to the minister on matters pertaining to financial assistance for post-secondary students. The minister may also request the board to make inquiries, conduct research, or collect information, and report results.

Alberta Science and Research Authority

The Alberta Science and Research Authority (ASRA) is a legislated board and a senior advisory body that provides policy advice to the government in the areas of science, research, technology and innovation. The authority's mission is to enhance the contribution of science and research to the sustainable prosperity and quality of life of all Albertans. The board is appointed the Lieutenant Governor in Council and consists of members from Alberta's academic, business and research communities.

Also included in the ASRA legislation are the following research institutes:

- Alberta Life Sciences Institute
- Alberta Agricultural Research Institute
- Alberta Forestry Research Institute
- Alberta Energy Research Institute
- Alberta Information and Communications Technology Institute

Each institute is an unincorporated board with representatives from industry, academia and government. Each board provides strategic direction in priority sectors.

Summary of Key Activities

Alberta Advanced Education and Technology pursued the following activities in 2007-08 in support of its core businesses and goals.

Core Business 1

A Learning Alberta

Goal 1

A Learner-Centred System Accessible to all Albertans

- Released the Roles and Mandates Policy Framework for Alberta's Publicly Funded Advanced Education System to ensure strategic long-term planning for advanced education in Alberta by building a more resilient and responsive system that meets the needs of learners, taxpayers, and society.
- Initiated development of the Alberta Access Planning Framework and process to outline demand and capacity requirements for Alberta's advanced education system to ensure the system is positioned to meet the needs of society and the economy.
- Implemented significant enhancements to the student financial assistance program, as part of the Affordability Framework, including increasing living allowances by 14%, eliminating vehicle restrictions, increasing the annual student loan limit from $12,440 to $13,000, and reducing expected parental contributions.
- Implemented interest free status on Alberta Student Loans for medical residents and students on parental leave.
- Implemented the Tuition Fee Regulation that limits annual tuition increases to the annual change in the Alberta Consumer Price Index.
- Offered more than 6,000 additional apprenticeship technical training seats at public post-secondary institutions during the 2007-08 academic year, a 21% increase over the previous year.
- Launched the Innovation Fund by providing $8 million in grants from the Access to the Future Fund to support innovative project-based initiatives aimed at increasing collaboration and participation in the advanced learning system.
- Invested $227 million in the Alberta Heritage Scholarship Fund, allowing for enhanced scholarship funding to students. This funding boost of more than 35% brought the value of the endowment fund to approximately $850 million.
- Awarded $54 million in scholarships, the most ever, recognizing the achievement of excellence that occurs throughout the learning process.
- Implemented the second year of the pilot First Nations College Access Grant to provide needs-based bursaries to Aboriginal learners.
- Continued implementation of Learning Clicks resulting in over 21,000 junior and senior high school students receiving presentations, information and guidance to assist them with planning for post-secondary studies.
- Launched the parent component of Learning Clicks with parent ambassadors recruited and trained to provide parents with information on the advanced education options available to their children.
- Developed and distributed Transition Guides for Students with Disabilities and their Families to assist their transition to continued learning and the planning process for post-secondary studies.
- Developed a Grade 5/6 Student Guide and distributed more than 19,500 copies to elementary schools to provide basic information about educational and career planning.
- Provided $9 million to the Alberta Post-Secondary Application Service, an online service that will allow potential learners to apply to all 21 public institutions, reducing duplication of data entry and simplifying the application process.
- Created 258 new health-related post-secondary spaces in 2007-08 that will grow to more than 700 at full implementation in 2011-12, through the Health Workforce Action Plan.
- Provided $23 million to post-secondary institutions to expand teaching and learning capacity in high priority health disciplines.
- As part of the Alberta Nanotechnology Strategy, announced an investment of $30 million over five years to expand undergraduate nanoscience and nanotechnology enrolments at the University of Alberta and University of Calgary, resulting in 580 new student spaces at full implementation.

Goal 2 *Vibrant and Sustainable Learning Communities and Partnerships*

- Supported 83 Community Adult Learning Councils, 72 volunteer tutor adult literacy programs, 43 family literacy programs and 9 Aboriginal family literacy programs, which provided over 6,700 learning opportunities to over 96,000 registrants.
- Completed the Vibrant Learning Communities consultations with key stakeholders and government representatives, and developed recommendations to strengthen community learning and literacy programs as part of the Roles and Mandates Policy Framework.
- Provided $42.5 million in grants through the Access to the Future Fund to match contributions to the advanced learning system.
- Held the Building and Educating Tomorrow's Workforce Forum, Alberta's Global Talent, in collaboration with Alberta Employment and Immigration.
- Supported the Connecting Learning and Work Strategy and funded two pilot projects designed to enhance transitions from high school to post-secondary education.
- Increased participation in the Alberta Centennial Education Savings Plan (ACES), with more than 50 service providers now on-board, including all the major banks. Grants to families saving for their children's post-secondary education increased to $13.2 million from $7.7 million in 2006-07.
- Registered over 22,000 new apprentices, bringing the total number of apprentices being trained in Alberta to more than 67,000.
- Provided a total of $1.7 million to Aboriginal colleges through the Access to the Future Fund's matching and project-based programs, including supporting two initiatives related to program recognition and recognition of prior learning.
- Awarded a record 232 apprentices Alberta Apprenticeship and Industry Training scholarships valued at $1,000 each, recognizing apprentices and trainees who have demonstrated excellence in their trade or designated occupation. Apprentices from 38 of the 50 trades received scholarships, including a record 30 women and 10 Aboriginal people.
- Allocated $1.6 million to three Aboriginal colleges to increase capacity in the areas of post-secondary programming for under-represented groups, program development, program review and approval.
- Announced a $1.7 million investment in the WorldSkills Calgary 2009 Competition to support an Apprenticeship, Skills and Education Awareness Program targeting youth and educators. This funding is part of the $24 million commitment to the competition by the Government of Alberta.
- Approved membership expansion for the Alberta Council on Admissions and Transfer to represent Aboriginal colleges in enhancing Alberta's admissions and transfer system.
- Awarded $285,000 through the Aboriginal Health Careers Bursary to eligible First Nations and Métis students studying in a degree or diploma program in a health field at a university, college or technical institute.
- Awarded Registered Apprenticeship Program (RAP) scholarships to 342 high school graduates participating in the program, recognizing their on-the-job training hours toward a trade and providing support to continue on in their apprenticeship program.
- Created 72 new apprenticeship scholarships through the Access to the Future Fund by supporting industry fund raising efforts for contributions to the Alberta Apprenticeship and Industry Training Board family of scholarships.

Goal 3

A Globally Recognized Quality Advanced Learning System

- Invested $900 million in Alberta's public post-secondary system infrastructure—more than double the amount of $395 million spent in 2006-07. This included $100 million for maintenance and renewal projects to facilitate the delivery of high quality advanced learning opportunities throughout the province.
- Eight capital projects were completed, including five expansion projects that resulted in increased capacity in trades training and health programming in Edmonton, Fort McMurray, Olds, and Red Deer.
- Continued to provide leadership, guidance, and input on a national level on issues such as post-secondary learning, apprenticeship, innovation, technology and research.
- Signed a Memorandum of Understanding with Citizenship and Immigration Canada to expand the Off-Campus Work Permit Program for eligible international students to seven private not-for-profit institutions in Alberta, and signed individual Memoranda of Agreement with each institution to finalize participation.
- Continued to promote Alberta as a destination of choice for international students, faculty and researchers to prepare Albertans for their role in the global marketplace and as global citizens through the implementation of the International Education Action Plan.
- Continued to chair the Council of Ministers of Education Canada's Quality Assurance Subcommittee to assist in the implementation of consistent quality assurance standards across Canada.
- Approved 24 new degree programs proposed by Alberta's post-secondary institutions on the recommendations of the Campus Alberta Quality Council.
- Announced strategic investments of over $97 million to assist with the completion of a new digital library and to renew mechanical and infrastructure systems at the University of Calgary.

Core Business 2

Innovation

Goal 4

Build Research and Innovation Capacity in Key Areas

- Announced a $130 million commitment over five years to the Alberta Nanotechnology Strategy, which outlined key initiatives to help Alberta capture a share of the global nanotechnology market, including $30 million to expand undergraduate nanoscience and nanotechnology enrolments and $15 million towards nanotechnology graduate student scholarships.
- Continued to work with partner organizations, industry and institutions in strategic priority areas to strengthen research capacity, support initiatives to develop and test new nano-enabled products and applications, and assist in attracting and retaining highly qualified researchers in areas where the province has competitive strengths.
- Provided a combined total of up to $2.8 million in research equipment grants to the University of Alberta, University of Calgary and University of Lethbridge through the Small Equipment Grants Program.
- Launched the 2007-08 Alberta Science and Research Investments Program, to provide multi-disciplinary research equipment in support of research excellence and strategic initiatives.
- Invested $50.6 million in energy research and technology in six key areas: bitumen upgrading, clean carbon/coal, improved recovery, renewable energy, CO_2 emissions and water use.
- Alberta Energy Research Institute initiated seven projects in the Hydrocarbon Upgrading Demonstration Program, to integrate value-added opportunities through upgrading, gasification, and CO_2 capture and storage.
- Investments were made across all programs in life science research and innovation in four key areas: biotechnology, food and health, sustainable production and life science capacity.
- Established and funded a Nanofibre chair to research activities on forest products materials, agricultural fibres, petrochemicals and biofuels and also provided support for a Life Cycle Assessment chair to assist building construction material manufacturers in Alberta with producing "green" building materials.
- Invested $25 million in the Alberta Water Research Institute—a key mechanism for generating the innovation needed to achieve the outcomes of Alberta's Water for Life strategy.
- Established an agreement with Alberta Ingenuity for a five-year program to bring industry and academic researchers together to increase industrial research and development investments and develop market-driven nanotechnology products.
- Provided $1.5 million to TRLabs for operational support as part of a five-year funding agreement. TRLabs connects the knowledge and technologies at universities with the innovative needs of industry and trains students to enhance information and communication technology expertise and improve Canada's global competitiveness.
- Completed a business case and strategy for the Integrated Resource Management (IRM) initiative to make Alberta a global leader in advanced solutions that enhance sustainable management and use of energy, forestry, agriculture, land and environmental resources.
- Provided investment support of $900,000 to Cybera Inc., a non-profit organization with a mandate to provide provincial leadership in integrating, leveraging and sustaining investments in cyberinfrastructure technologies in Alberta.
- Initiated the development of a communications strategy and promotional campaign aimed at encouraging junior and senior high school students to explore careers in information and communication technology.

Goal 5

Capturing Value through Innovation

- Approved the Policy and Action Plan for Value-Added and Technology Commercialization related to product commercialization centres, business development centres, entrepreneurship and other commercialization assistance.
- Facilitated and supported collaborative research and development projects with significant multinational companies focusing on attracting corporations to develop specific technologies with the potential for commercial applications in Alberta.
- Conducted international technology missions to open global market development and commercialization opportunities for innovative Alberta researchers and companies, attract investments to Alberta in research and development, and increase large multinational corporate presence in Alberta.
- Signed Memoranda of Understanding with the Shenzhen Bureau of Science, Technology and Information; the Science and Technology Commission of Shanghai Municipality; and the Zhejiang Department of Science and Technology, to collaborate in common areas of industrial research and development, and to encourage common research and industry development opportunities in Alberta and the People's Republic of China.
- Signed a Memorandum of Understanding with GE Water & Process Technologies Canada to collaborate in industrial research and development and to encourage industrial research opportunities in Alberta.
- Announced support of an initiative to develop and validate the use of cellular-based technology to improve patient care involving Capital Health, the University of Alberta and LG Electronics.
- Supported the Banff Venture Forum, the Alberta Life Technologies Investor Forum, and the National Angel Organization Summit, as part of Alberta Innovation and Investment Week. These events attracted more than 350 local and international investors and government officials who discussed key industry issues and learned from world-class investment professionals.
- Sponsored and promoted Alberta biotechnology industries to an international audience at the BIO 2007 conference in Boston and the Life Sciences Alley conference in Minneapolis, which included discussions on collaborative and investment opportunities in Alberta.
- Started development of an online energy information transfer service that will be available to energy researchers worldwide to support greater sharing of information on energy research and facilitate collaboration opportunities in the future.

Results Analysis

Audited Information

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

Financial Highlights

Operational Highlights

- *Core Business 1 - A Learning Alberta*
  - *Goal 1 - A Learner-Centred System Accessible to all Albertans*
  - *Goal 2 - Vibrant and Sustainable Learning Communities and Partnerships*
  - *Goal 3 - A Globally Recognized Quality Advanced Learning System*
- *Core Business 2 - Innovation*
  - *Goal 4 - Build Research and Innovation Capacity in Key Areas*
  - *Goal 5 - Capturing Value through Innovation*

AUDITOR
GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Advanced Education and Technology's 2007-2008 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2007. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found an exception for the measure *ICT Research - ratio of private and other public investments to Government of Alberta investments.* I was unable to match information from external third party consultant reports to information that the Ministry used to calculate the results. Therefore, I was not able to conclude that the results presented were reliable and comparable (procedures 3 and 4).

Management has explained in the Results Analysis section under Goal 4 that this measure has been dropped in future business plans due to difficulty in measuring investments made by various partners over the lifespan of a project.

As my examination was limited to procedures 1 to 4 above, I do not express an opinion on whether the set of performance measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
August 18, 2008

Financial Highlights

Expenses

(in thousands)	2008 Budget	2008 Actual	2007 Actual
Core Business			
A Learning Alberta	$ 2,863,270	$ 3,002,136	$ 2,314,270
Innovation	230,775	234,404	194,406
	$ 3,094,045	$ 3,236,540	$ 2,508,676

Expenses were $142 million more than originally budgeted, primarily due to the approval of additional funding for post-secondary facilities infrastructure on November 21, 2007. Expenses were $728 million more than the prior year, primarily due to increased operating and infrastructure grants to post-secondary institutions. Detailed information on grants provided to Alberta's public post-secondary institutions can be found in Schedule 4 of the ministry Financial Statements on page 58.

All expenses for the A Learning Alberta core business are in support of the Government of Alberta's "Education" function. All expenses for the Innovation core business are in support of the "Agriculture, Research Management and Economic Development" function.

Revenue

(in thousands)	2008 Budget	2008 Actual	2007 Actual
Transfers from Government of Canada	$ 383,306	$ 378,540	$ 232,185
Internal Government Transfers	176,001	175,635	168,438
Other Revenue	63,871	70,248	61,233
Sub-Total	623,178	624,423	461,856
Increase in Equity in Public Post-Secondary Institutions	—	50,242	372,206
	$ 623,178	$ 674,665	$ 834,062

A discussion of the main sources of revenue for 2008-09 is below. Additional detail on the ministry's revenues can be found in Schedule 1 of the ministry Financial Statements on page 55.

Transfers from the Government of Canada include $337 million for Canada Social Transfers (CST). It has increased significantly over the prior year because of a new federal calculation method. In addition to the CST, the ministry received $32 million from the Government of Canada for post-secondary facilities infrastructure.

Internal Government Transfers includes $104 million from the Lottery Fund for various ministry programs and $26 million from the Alberta Heritage Scholarship Fund for Heritage Scholarships. It also includes a $46 million transfer from the Advanced Education Endowment to support the Access to the Future Fund.

Other Revenue includes $46 million for contract research revenues at the Alberta Research Council (ARC), $9 million for interest on outstanding student loans and $8 million related to apprenticeship marketing activities.

As per the government's accounting and reporting policies, the change in equity in public post-secondary institutions is reported in the ministry financial statements. The change in equity represents the cumulative effect of the institutions' transactions for the year. The amount recorded has decreased $322 million from the prior year due to reduced net income at Alberta's universities. The budget process does not include the institutions and no budget was set for their change in equity.

Operational Highlights

Core Business 1

A Learning Alberta

Expenses

In 2007-08, the ministry provided $3.0 billion for the A Learning Alberta core business in support of the following goals:

A Learner-Centred System Accessible to all Albertans

- $1.54 billion in base operating grants to the 21 public post-secondary institutions and 7 private, not-for-profit colleges to support instruction and operating costs.
- $54 million in scholarships, including Heritage and Achievement Scholarships.
- $27 million in bursaries, including the Alberta Opportunities and Rural Incentive bursaries.
- $52 million in loan relief and expenses related to future cost of student loans issued.
- $32 million in departmental support to the Apprenticeship and Industry Training system.
- $196 million for spaces in programs (including health care and apprenticeship) that have high learner and labour market demand.
- $8 million in grants paid from the Access to the Future Fund to support innovative project-based initiatives aimed at increasing collaboration and participation in the advanced learning system.

Vibrant and Sustainable Learning Communities and Partnerships

- $21 million in support of community based adult learning programs including literacy programs.
- $42.5 million in grants through the Access to the Future Fund to match contributions to the advanced learning system.
- $13 million in Alberta Centennial Education Savings Plan grants.

A Globally Recognized Quality Advanced Learning System

- $900 million for post-secondary facilities infrastructure.
- $62 million to post-secondary institutions to support strategic initiatives and to encourage and reward excellence and improve performance.

Core Business 1 *A Learning Alberta*

Goal 1

A Learner-Centred System Accessible to All Albertans

Strategies

In support of Goal 1, Advanced Education and Technology adopted the following strategies:

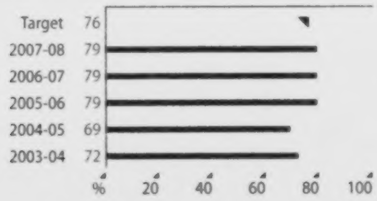
- Implement the accessibility, affordability and quality requirements in the *Access to the Future Act*.
- Develop innovative approaches to increase participation of Aboriginal, immigrant and other under-represented groups in learning opportunities.
- Begin implementation of the Affordability Framework to ensure that financial need is not a barrier to participation in advanced learning opportunities.
- Target scholarships, bursaries and grants to increase participation by under-represented Albertans.
- Work with the federal government to develop a strategic response to the cessation of the Canada Millennium Scholarship Foundation.
- Develop a coordinated framework on leveraging the use of technology and enhance learner access and entrance into the advanced learning system through the use of technology, innovation and collaboration with post-secondary institutions.
- Develop innovative approaches to improve participation and achievement in apprenticeship and industry training in response to industry needs.
- Enhance parents' and learners' knowledge and awareness of Alberta's advanced learning system and financial support options through a collaborative raising-awareness and mentorship campaign, and through other effective marketing efforts.
- Promote science and technology awareness within Alberta, including encouraging youth to enter careers in science and technology.
- Ensure scholarship programs are maximizing recognition of the achievement of excellence that occurs throughout the learning process.
- Increase enrolment capacity in the post-secondary system to meet learner and labour market demand.
- Develop a framework that defines roles and mandates of the public and private not-for-profit post-secondary institutions.
- Produce an annual report projecting learner demand (regional and program forecasts).

Outcome

All Albertans, including Aboriginal and other under-represented groups, have opportunities to participate in the advanced learning system.

Performance Measure

Public Satisfaction that Adult Albertans can Access Education or Training



Source: Alberta Advanced Education and Technology

Access to Education or Training

Public satisfaction that Albertans can access education or training they want is a measure of the accessibility and availability of advanced learning opportunities.

- In 2007-08, 79% of Albertans were satisfied that adult Albertans have access to the education and training they want, meeting the target of 76%.
- Advanced Education and Technology continues to focus on improving access, affordability and quality of the advanced education system through the *Access to the Future Act*, the Affordability Framework and Building and Educating Tomorrow's Workforce, among other initiatives.
- Advanced Education and Technology is working with post-secondary institutions to be adaptable to the changing needs of learners, supporting part-time and long distance learning.

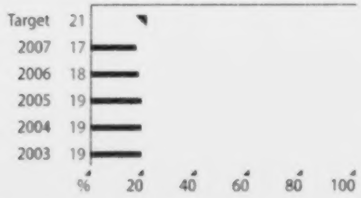
Notes

- See Endnote A (p. 151) re surveys conducted by an external contractor.

Goal 1 A Learner-Centred System Accessible to All Albertans

Performance Measure

Proportion of Albertans Aged 18-34 Participating in Post-Secondary Education



Source: Statistics Canada, Labour Force Survey, special tabulation for Alberta Advanced Education and Technology

Participation in Post-Secondary Education

Adult Albertans aged 18-34 were surveyed to determine if they had taken some education or training in the past year.

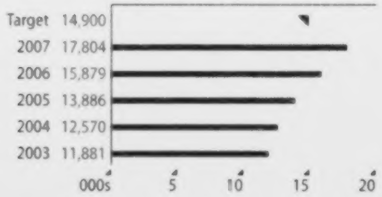
- The percentage of Albertans aged 18-34 participating in advanced learning programs has been slowly declining. At 17%, Alberta's result did not meet the target of 21%.
- The strong economy in Alberta may play a role in enticing potential learners away from participating in the advanced learning system. In 2007, Alberta experienced record employment growth of 4.7%. International and inter-provincial migration of young people who relocated to Alberta to take advantage of the job opportunities may have also impacted this measure.
- Advanced Education and Technology supports and implements initiatives directed to increasing accessibility and availability of advanced learning opportunities, as well as raising-awareness programs to inform K-12 students of post-secondary opportunities.

Notes

- See Endnote C (p. 153) re Statistics Canada's Labour Force Survey.

Performance Measure

New Apprentices Registered *(5-Year Average)*



Source: Alberta Advanced Education and Technology

New Apprentices Registered

New apprenticeship registrations are key in addressing skill shortages in the trades.

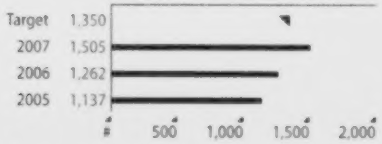
- In 2007, the five-year average of apprentice registrations grew to 17,804, surpassing the target.
- Participation in apprenticeship training is increasing as a result of the strong economy and high demand for skilled journeypersons.
- Due to the need for trades people, employers have been signing up record numbers of apprentices for training in recent years.

Notes

- Five-year averages are used for this measure to smooth out swings resulting from changes in the level of economic activity.
- See Endnote G (p. 154) re new apprentices registered.

Performance Measure

Aboriginal Learners Participating in Apprenticeship



Source: Alberta Advanced Education and Technology

Participation of Aboriginal Learners in Apprenticeship

Aboriginal apprentices play a role in the province's success in addressing the high demand for journeypersons.

- As of December 31, 2007, there were 1,505 Aboriginal apprentices, exceeding the target of 1,350.
- Government and the Alberta Apprenticeship and Industry Training Board have been working closely with employers, Aboriginal communities, and training providers to encourage and support increased participation of Aboriginal persons in the trades.

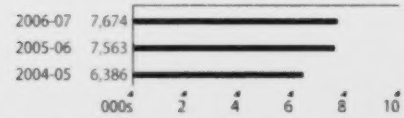
Notes

- The title of this measure has been revised to "Participation of Aboriginal Learners in Apprenticeship" from "Participation of Aboriginal Albertans in Apprenticeship" because the totals include Aboriginal apprentices registered in Alberta's apprenticeship and industry training system, but who reside in other Canadian jurisdictions. These individuals participate in technical training in Alberta, but are issued certificates in their home jurisdictions. In 2007, there were three Aboriginal apprentices registered who were planning to take their examinations outside Alberta, in 2006 there were three, and in 2005 there were none.
- Aboriginal status is based on self-disclosure and may under represent the actual number of Aboriginal persons participating in the program.
- See Endnote H (p. 155) re participation of Aboriginal learners in apprenticeship.

Goal 1 **A Learner-Centred System Accessible to All Albertans**

Performance Measure

Aboriginal Learners Participating at Post-Secondary Institutions



Source: Alberta Advanced Education and Technology

Participation of Aboriginal Learners in Post-Secondary Education

Aboriginal learners participating at post-secondary institutions is a new measure, therefore no targets had been set in the 2007-10 Business Plan.

- The number of Aboriginal learners in the system is increasing. There were 7,674 Aboriginal learners taking publicly funded post-secondary programs in 2006-07.
- A skilled and knowledgeable workforce is important in building a vibrant and sustainable Alberta economy. Having knowledgeable Aboriginal persons will play an important role in supporting Alberta's economy.

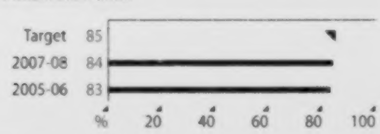
Notes

- This measure has been revised from the 2006-07 measure, "Aboriginal Albertans Participating at Post-Secondary Institutions" to include all Aboriginal learners participating at publicly funded post-secondary programs in Alberta, not just those who are Alberta residents. Therefore the results differ from those reported in the 2006-07 Annual Report.
- Targets have been set in the 2008-11 Business Plan.
- Aboriginal status is self-reported by individuals and therefore the data may under-represent the true number of Aboriginal learners in the post-secondary system.
- See Endnote I (p. 155) re participation of Aboriginal learners at post-secondary institutions.

Outcome ***Financial need is not a barrier to participating in the advanced learning system, and financial assistance is available to students to support a seamless system.***

Performance Measure

Proportion of Graduates who Agree that the Program they Graduated from was Worth the Financial Cost



Source: Alberta Advanced Education and Technology

Affordability of the Advanced Learning System

Graduates' agreement that their program was worth the financial cost is an indicator of graduates' satisfaction with the affordability and quality of the advanced education system.

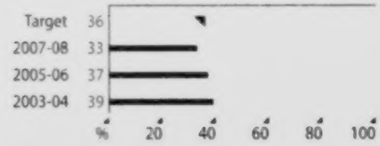
- In 2007-08, 84% of graduates agreed that the program they graduated from was worth the financial cost, meeting the target of 85%.
- Under the Affordability Framework several initiatives aimed at making the advanced education system more affordable and accessible were implemented, including an increase in living allowances, an increased annual student loan limit, and an increase in the amount of bursary support.

Notes

- A target is considered met if the result is within 5% of the target.
- Graduates are surveyed two years after graduation. In 2007-08, learners who graduated in 2005-06 were surveyed.
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote K (p. 155) re program was worth the financial cost.

Performance Measure

Ratio of Total Debt at Graduation to Income Two Years after Graduation



Source: Alberta Advanced Education and Technology

Ratio of Debt to Income

The ratio of debt at graduation to income two years after graduation is a measure of the ability of learners to repay debts incurred based on income earned after graduation.

- In 2007-08, the ratio of debt to income was 33%, exceeding the target of 36%. For this measure, a lower percentage indicates success in meeting the desired outcome of less debt to income for learners upon exiting the system.
- Advanced Education and Technology has programs and initiatives in place to reduce debt incurred by learners including the provision of student assistance and the Tuition Fee Regulation that limits tuition fee increases to that of the consumer price index.

Notes

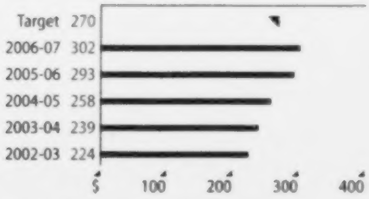
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote M (p. 156) re ratio of debt at graduation to income two years after.
- Biennial survey, next conducted in 2009-10.

Goal 1 *A Learner-Centred System Accessible to All Albertans*

Outcome ***Excellence is rewarded through scholarships and awards.***

Performance Measure

Scholarship Dollars per Full-time Student Studying in Alberta



Source: Alberta Advanced Education and Technology

Scholarship Dollars per Full-time Student

Scholarships are used as a mechanism to reward excellence and recognize achievement that occurs throughout the learning process. The ratio of scholarship dollars to full-time learners is an indicator of the government's commitment to rewarding learner achievements.

- In 2006-07 the target of $270 was exceeded. Increases in post-secondary scholarship funding over time attests to the ministry's commitment to supporting quality, innovation and excellence.
- The $227 million investment into the Heritage Scholarship Fund will mean new and expanded scholarship programs in 2008-09.

Notes

- See Endnote N (p. 156) re scholarship dollars per full-time student.
- See Endnote D (p. 153) re Learner Enrolment Reporting System.
- There has been a methodology change; federally funded scholarship dollars administered by the province have been removed from the calculation. Historical data has been restated from data reported in previous annual reports.

Goal 1 A Learner-Centred System Accessible to All Albertans

Results at a Glance

- ▲ *Target exceeded*
- ✓ *Target met*
- ✗ *Target not met*
- ○ *N/A, no target set*

Outcomes Performance Measures	Previous Years' Results				Current Results	2007-08 Targets
All Albertans, including Aboriginal and other under-represented groups, have opportunities to participate in the advanced learning system.						
Public satisfaction that adult Albertans can access education or training	72% 2003-04	69% 2004-05	79% 2005-06	79% 2006-07	79% 2007-08	76% ✓
Proportion of Albertans aged 18-34 participating in post-secondary education	19% 2003	19% 2004	19% 2005	18% 2006	17% 2007	21% ✗
New apprentices registered (5-year average)	11,881 2003	12,570 2004	13,886 2005	15,879 2006	17,804 2007	14,900 ▲
Aboriginal Albertans participating in apprenticeship	—	—	1,137 2005	1,262 2006	1,694 2007	1,505 ▲
Aboriginal learners participating at post-secondary institutions	—	—	6,386 2004-05	7,563 2005-06	7,674 2006-07	— ○
Financial need is not a barrier to participating in the advanced learning system, and financial assistance is available to students to support a seamless system.						
Proportion of graduates who agree that the program they graduated from was worth the financial cost	—	—	83% 2005-06	— 2006-07	84% 2007-08	85% ✓
Ratio of total debt at graduation to income two years after graduation	39% 2003-04	— 2004-05	37% 2005-06	— 2006-07	33% 2007-08	36% ▲*
Excellence is rewarded through scholarships and awards.						
Scholarship dollars per full-time student studying in Alberta	224 2002-03	239 2003-04	258 2004-05	293 2005-06	302 2006-07	270 ▲

* *For this measure, a lower debt to income ratio is desired; therefore the result of 33% exceeds the target of 36%.*

Discussion of Results

Goal 1 focused on a learner-centred system accessible to all Albertans. Government strongly supported this goal and advanced education remained a high priority during this reporting year. This commitment was evident in the significant investments in the post-secondary system including $1.54 billion in base operating grants to post-secondary institutions to support instruction and operating costs. A further $32 million was invested in support of the Apprenticeship and Industry Training system.

A key aspect of enhancing accessibility is maintaining an affordable advanced learning system. As part of the Affordability Framework, the ministry implemented significant changes to the student financial assistance program to help ensure financial need is not a barrier to participation and students are appropriately supported throughout the learning process. In 2007-08, 84% of 2005-06 graduates agreed that the program they graduated from was worth the financial cost.

The ministry's commitment towards ensuring an affordable advanced learning system was also reflected in a $54 million investment in scholarships, the most ever, recognizing the achievement of student excellence throughout the learning process.

Public satisfaction that adult Albertans are able to access the education or training they want remained high in 2007-08 at 79%, up significantly from the low of 69% in 2004-05.

The ministry built on this success by investing nearly $8 million through the Access to the Future Fund's project-based Innovation Fund program to support collaborative programs among advanced learning providers. Government also took significant steps towards increasing the health-related enrolment capacity of the advanced learning system. Through the Health Workforce Action Plan, 258 new health-related post-secondary spaces were created for 2007-08 and will grow to more than 700 at full implementation in 2011-12.

The ministry has undertaken several initiatives and made significant investments to improve the affordability, accessibility and quality of the advanced learning system. These efforts are having the intended results as most Albertans agree that they can access the education or training that they want and they are getting good value. In spite of this, increasing participation rates across the advanced learning system continues to be a challenge. While participation in apprenticeship training continues to increase as a result of the strong economy and high demand for journeypeople, the overall system participation rate remains low. This is a key issue for the ministry—it has the potential to jeopardize our long-term prosperity as skilled and highly qualified people are key elements in a successful economy. Participation is driven by the affordability, accessibility and quality of the advanced learning system, but it is also a function of the responsiveness of the system to the increasingly diverse needs of learners and an individual's awareness of the importance and long-term value of learning. These will be key areas for the ministry in the coming years as we continue to manage the short-term impacts of current economic conditions in the province while taking a balanced approach to promoting long-term economic growth and continuing to build a world-class advanced learning system.

Core Business 1 *A Learning Alberta*

Goal 2

Vibrant and Sustainable Learning Communities and Partnerships

Strategies

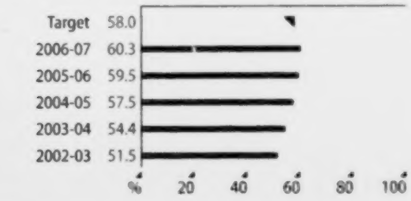
In support of Goal 2, Advanced Education and Technology adopted the following strategies:

- Provide opportunities in local communities for adults including Aboriginal, immigrant, youth, and other under-represented groups to access literacy, English as a Second Language and lifelong learning.
- Redesign the community-based adult learning delivery system to ensure community programs are addressing literacy, English as a Second Language and other learning needs of adults.
- Work with Employment, Immigration and Industry to implement the Building and Educating Tomorrow's Workforce strategy.
- Encourage increased industry participation and investment in the apprenticeship and industry training system in collaboration with the Alberta Apprenticeship and Industry Training Board, employers and other stakeholders.
- Expand access for Aboriginal Albertans by building partnerships and capacity with providers of Aboriginal adult learning opportunities.

Outcome ***A broad array of learning opportunities is available within local communities.***

Performance Measure

High School to Post-Secondary Transition Rate (within Six Years of Entering Grade 10)



Source: Alberta Education

Transition to Post-Secondary Education

Post-secondary education prepares learners with the skills and knowledge to participate in the labour market and society. This performance measure assists in determining overall post-secondary participation trends.

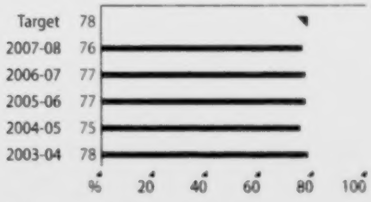
- In 2006-07, over 60% of Alberta's high school students made the transition to post-secondary within six years of entering Grade 10, meeting the target of 58%. The high school to post-secondary transition rate has risen each year from 51.5% in 2002-03.
- The increases reflect expanded capacity at post-secondary institutions, as well as understanding on the part of Alberta youth that post-secondary education is important for their future success.
- The results over time show that a substantial proportion of Alberta's young people delay their entry to post-secondary programs after high school.

Notes

- Students are considered to be attending post-secondary if they are enrolled in a publicly funded post-secondary institution in Alberta or registered in an apprenticeship program in Alberta.
- Starting in 2003-04, information on post-secondary enrolment came from a different data source, which may account for the difference between results in prior years with results in 2003-04 and subsequent years.
- The post-secondary transition rates include estimates for attrition and for students who attend post-secondary outside the province.
- See Endnote F (p. 154) re transition rate of learners from high school to post-secondary.

Performance Measure

Public Agreement that Programs, Classes or Courses are Offered in Locations (including online) that are Easily Accessible



Source: Alberta Advanced Education and Technology

Accessibility of Advanced Learning System Programs, Classes and Courses

The ministry supports and implements initiatives directed to increasing accessibility through the number of available seats by providing learning opportunities in many communities and by promoting distance learning.

- In 2007-08, 76% of respondents were satisfied that programs, classes or courses are easily accessible. The target was met.
- Public agreement that advanced learning opportunities are easily accessible has remained consistently high over the previous five years.

Notes

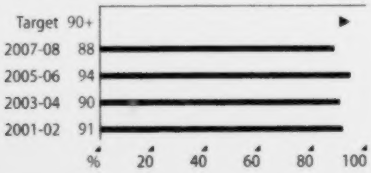
- A target is considered met if the result is within 5% of the target.
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote L (p. 156) re public agreement that post-secondary education is accessible.

Goal 2 *Vibrant and Sustainable Learning Communities and Partnerships*

Outcome *Employers, communities, learning providers, and government establish effective partnerships.*

Performance Measure

Employer Satisfaction with the Skills and Quality of Work of Advanced Education System Graduates



Source: Alberta Advanced Education and Technology and Alberta Education

Employer Satisfaction

Employers were asked to rate their overall satisfaction with the post-secondary graduates working for them.

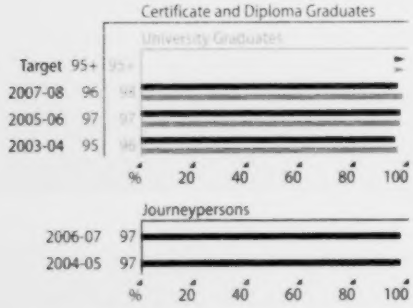
- In 2007-08, employer satisfaction with advanced education graduates was 88%, meeting the target of 90% or higher. The decrease from previous results may, in part, be due to the difficulty in attracting and retaining skilled and knowledgeable employees in a strong economy offering many job opportunities.
- The ministry is undertaking strategies to address the increased demand for skilled and knowledgeable workers. This includes strategies to encourage increased advanced learning participation and graduates in high demand areas such as health care and the trades.
- The Campus Alberta Quality Council established criteria for reviewing graduate and undergraduate programs to ensure that graduates receive high quality training to develop their employability skills. All new degree program proposals are being assessed using these criteria.

Notes

- A target is considered met if the result is within 5% of the target.
- Data comes from a biennial survey, conducted every other year.
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote B (p. 152) re the use of confidence intervals to interpret results.

Performance Measure

Employment Rate of Recent Alberta Advanced Education Graduates



Source: Alberta Advanced Education and Technology

Employment Rate of Advanced Education Graduates

Employment rates of system graduates provide a measure of the advanced learning system's ability to help meet student needs. These rates are measured through biennial surveys.

- In 2007-08, two years after graduation, 96% of certificate and diploma graduates and 98% of university graduates were employed, meeting the targets of 95% or higher. In 2006-07, 7 to 18 months after completing an apprenticeship program, 97% of journeypersons were employed.
- The high levels of employment are indicative of the high demand for skilled and knowledgeable workers and, more importantly, the high quality education and training available in the province.
- Quality education is important to the government as it prepares individuals for the workforce.
- Employment rates of recent graduates have been consistently high. The strong economy, marked by the increase in job opportunities, has raised the employment rate and lowered the unemployment rates. Post-secondary graduates have benefited from this economic environment.

Notes

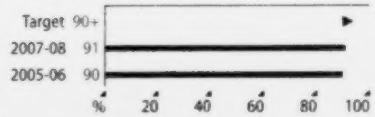
- Data come from biennial surveys, conducted every other year. The next Journeypersons survey will be conducted in 2008-09. The next survey on parchment graduates will be conducted in 2009-10.
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote B (p. 152) re the use of confidence intervals to interpret results.

Goal 2 *Vibrant and Sustainable Learning Communities and Partnerships*

Outcome ***Albertans have the skills and aptitudes needed to participate in the economy and their communities.***

Performance Measure

Satisfaction of Recent Post-Secondary Graduates with the Overall Quality of their Educational Experience



Source: Alberta Advanced Education and Technology

Satisfaction of Post-Secondary Graduates with their Education

Graduates' satisfaction with the quality of their education is an indicator of how well the post-secondary system is meeting learner needs. Quality education is important for equipping learners with the skills and knowledge to succeed in the labour market.

- A large majority (91%) of 2005-06 graduates surveyed in 2007-08 were satisfied with the overall quality of their post-secondary education. The target of 90% or higher was met.
- Results were strong in each sector: 89% of university graduates, 93% of public college and technical institute graduates, and 95% of private university college graduates were satisfied with the overall quality of their educational experience.

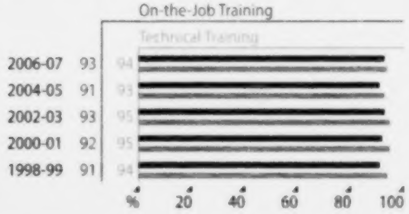
Notes

- Data come from a biennial survey conducted two years after graduation. The next survey will be conducted in 2009-10 on 2007-08 graduates.
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote B (p. 152) re the use of confidence intervals to interpret results.

Performance Measure

Satisfaction of Recent Apprenticeship Graduates with On-the-Job Training

Satisfaction of Recent Apprenticeship Graduates with Technical Training



Source: Alberta Advanced Education and Technology

Satisfaction of Recent Apprenticeship Graduates

Satisfaction of apprenticeship graduates is measured through a biennial survey, conducted every other year. The next survey will be conducted in 2008-09.

- There continues to be a very high percentage of recent apprenticeship graduates satisfied with the quality of their on-the-job training (93%) and technical training (94%).

Notes

- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote B (p. 152) re the use of confidence intervals to interpret results.

Goal 2 Vibrant and Sustainable Learning Communities and Partnerships

Results at a Glance

- ▲ *Target exceeded*
- ◀ *Target met*
- ✗ *Target not met*
- ○ *N/A, no target set*

Outcomes Performance Measures		Previous Years' Results				Current Results	2007-08 Targets
A broad array of learning opportunities is available within local communities.							
High school to post-secondary transition rate (within six years of entering Grade 10)		51.5% 2002-03	54.4% 2003-04	57.5% 2004-05	59.5% 2005-06	60.3% 2006-07	58% ◀
Public agreement that programs, classes or courses are offered in locations (including online) that are easily accessible		78% 2003-04	75% 2004-05	77% 2005-06	77% 2006-07	76% 2007-08	78% ◀
Employers, communities, learning providers, and government establish effective partnerships.							
Employer satisfaction with the skills and quality of work of advanced education system graduates		90% 2003-04	— 2004-05	94% 2005-06	— 2006-07	88% 2007-08	90%+ ◀
Employment rate of recent Alberta advanced education graduates	College, Private University College and Technical Institute Graduates	95% 2003-04	— 2004-05	97% 2005-06	— 2006-07	96% 2007-08	95%+ ◀
	University Graduates	96% 2003-04	— 2004-05	97% 2005-06	— 2006-07	98% 2007-08	95%+ ◀
	Journeypersons	—	97% 2004-05	— 2005-06	97% 2006-07	— 2007-08	— ○
Albertans have the skills and aptitudes needed to participate in the economy and their communities.							
Satisfaction of recent post-secondary graduates with the overall quality of their educational experience		—	—	90% 2005-06	— 2006-07	91% 2007-08	90%+ ◀
Satisfaction of recent apprenticeship graduates with:	On-the-Job Training	—	91% 2004-05	— 2005-06	93% 2006-07	— 2007-08	— ○
	Technical Training	—	93% 2004-05	— 2005-06	94% 2006-07	— 2007-08	— ○

Discussion of Results

Goal 2 focused on vibrant and sustainable learning communities and partnerships. Government supports learners from a variety of communities who want to participate in high quality, accessible and affordable advanced learning opportunities.

Alberta Advanced Education and Technology is committed to increasing accessibility by providing learning opportunities in many communities and promoting distance learning. Public agreement that advanced learning opportunities are easily accessible has remained consistently high over the last five years. In 2007-08, 76% of respondents were satisfied that programs, classes or courses were easily accessible. To further increase high quality advanced learning opportunities and encourage community engagement, $42.5 million was provided to match contributions made to post-secondary institutions through the Access to the Future Fund's Renaissance Fund program.

Supporting vibrant learning communities enhances the opportunities for Albertans to develop and apply the knowledge and skills that will maximize Alberta's potential now and into the future. With this in mind, $21 million was provided in support of community based adult learning programs. Community Adult Learning Councils offered over 6,700 learning opportunities, resulting in over 96,000 registrations in courses such as adult basic literacy, family literacy and English as a Second Language. While there is a high level of satisfaction among Albertans that learning opportunities are easily accessible, opportunities for improvement in community-based learning were identified in the Vibrant Learning Communities consultations in 2007-08. Information gathered in these consultations will be the foundation for future efforts to strengthen community learning and literacy programs.

High quality education is important to provide learners with the right skills and knowledge to help them succeed in the labour market. With respect to quality of advanced learning opportunities, the results achieved were strong with 91% of recent post-secondary institution graduates being satisfied with their post-secondary education, and 94% of apprenticeship graduates being satisfied with their technical training and on-the-job training. A significant majority of graduates throughout the system were employed shortly after graduation.

Partnerships are an essential component of Alberta's advanced learning system. The ministry's long-standing partnership with post-secondary institutions, industry and the Alberta Apprenticeship and Industry Training Board continues to be strong with high levels of satisfaction among both graduates and employers. The partnership needs to continue to remain flexible and innovative to respond to the demand for skilled labour in a strong economy.

The ministry's relationship with Aboriginal colleges also continued to evolve in 2007-08 with efforts to increase capacity, quality and linkages with the broader post-secondary system. This is one key aspect of the ministry's efforts to increase the level of post-secondary participation by Aboriginal people who are now the fastest growing population in Alberta.

Core Business 1 *A Learning Alberta*

Goal 3

A Globally Recognized Quality Advanced Learning System

Strategies

In support of Goal 3, Advanced Education and Technology adopted the following strategies:

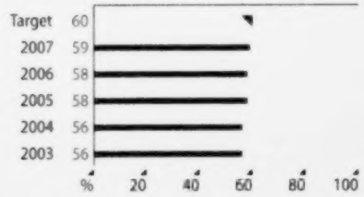
- Enhance the infrastructure of Alberta's public post-secondary system to facilitate delivery of high-quality advanced learning opportunities throughout the province.
- Strengthen Alberta's leadership in cooperative pan-Canadian initiatives through the Council of Ministers of Education, Canada; Canadian apprenticeship councils; and other national forums.
- Implement the international education action plan to facilitate the internationalization of Alberta's advanced learning system and enhance opportunities for Alberta students to engage in international education experiences.
- Work with institutions, employers and professional associations to encourage the recognition of credentials, competencies, prior learning and work experience of current and prospective Albertans.
- Through the Campus Alberta Quality Council, work with other quality assurance agencies, post-secondary institutions and other stakeholders to enhance the recognition of Alberta's degree programs and graduates.

Outcome

Albertans are achieving advanced learning credentials.

Performance Measure

Educational Attainment of Albertans Aged 25 to 64: Proportion Completing Post-Secondary Education



Source: Statistics Canada, Labour Force Survey, special tabulation for Alberta Advanced Education and Technology

Educational Attainment of Albertans Aged 25 to 64

A highly skilled and knowledgeable citizenry has positive social and economic benefits.

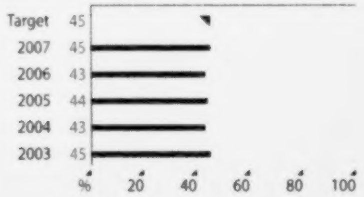
- The proportion of Albertans aged 25-64 who completed post-secondary education was 59% in 2007; the target of 60% was met.
- The proportion of Albertans aged 25-64 with post-secondary credentials has increased since 2001. The increase in post-secondary educational attainment from previous years is a combination of the in-migration of skilled and educated workers to Alberta, as well as learners in the system completing their programs.
- Alberta is on par with the Canadian average, however, the number of Canadians completing post-secondary education is increasing at a faster rate.

Notes

- A target is considered met if the result is within 5% of the target.
- See Endnote C (p. 153) re Statistics Canada's Labour Force Survey.

Performance Measure

Educational Attainment of Aboriginal Albertans Aged 25 to 64: Proportion Completing Post-Secondary Education



Source: Statistics Canada, Labour Force Survey, Special tabulation for Alberta Advanced Education and Technology

Educational Attainment of Aboriginal Albertans Aged 25 to 64

Educational attainment of Aboriginal Albertans is a measure of the government's success in attracting and retaining Aboriginal learners in the post-secondary system.

- In 2007, 45% of Aboriginal Albertans aged 25-64 had a post-secondary credential. The post-secondary completion rate for Aboriginal Albertans aged 25-64 has remained relatively stable.
- The percentage of Aboriginal Albertans aged 25-64 who have completed post-secondary education is considerably lower than for the population as a whole. The completion rate for all Albertans aged 25-64 was 59% in 2007.
- The Government of Alberta has developed several initiatives to support Aboriginal participation in post-secondary education.

Notes

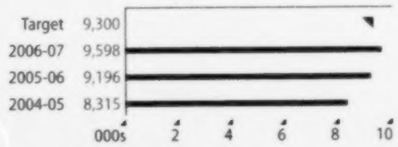
- A target is considered met if the result is within 5% of the target.
- See Endnote C (p. 153) re Statistics Canada's Labour Force Survey.

Goal 3 *A Globally Recognized Quality Advanced Learning System*

Outcome ***Alberta is globally recognized as a destination of choice for international students, faculty, and researchers.***

Performance Measure

International Visa Students Registered at Alberta Post-Secondary Institutions



Source: Alberta Advanced Education and Technology

International Visa Students

The number of international visa students attending post-secondary institutions is an indicator of the advanced education system's ability to attract learners to the province.

- In 2006-07, 9,598 international visa students attended publicly funded post-secondary institutions, an increase of 402 students from 2005-06. The target was met.
- The increase in international learners participating in the Alberta advanced learning system indicates that Alberta is recognized globally as a destination of choice and is an indicator of the quality programs being offered in the province.

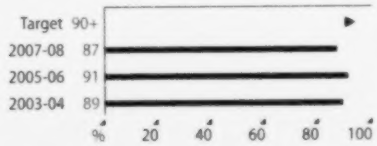
Notes

- See Endnote D (p. 153) re Learner Enrolment Reporting System.
- See Endnote E (p. 154) re international visa students registered at post-secondary intuitions.

Outcome ***Credentials, prior learning, skills, and experience are valued and recognized.***

Performance Measure

Percentage of Post-Secondary Graduates with Prior Learning who Reported that they had Received the Transfer Credit they Expected



Source: Alberta Advanced Education and Technology

Transfer Credit

The proportion of graduates who received the transfer credit they expected is an indicator of the systems ability to recognize and value prior learning and skills and enable learners to achieve desired outcomes.

- A large majority (87%) of 2005-06 graduates surveyed in 2007-08 received the transfer credit they expected and the target of 90% and above was achieved.
- The 2005-06 and 2007-08 percentages indicate high levels of flexibility in accommodating learner needs.
- The Alberta Council on Admissions and Transfer continues to work with institutions to encourage and promote collaborative transfer agreements between Alberta post-secondary institutions.

Notes

- A target is considered met if the result is within 5% of the target.
- Data comes from a biennial survey conducted two years after graduation and the next survey will be conducted in 2009-10.
- See Endnote A (p. 151) re surveys conducted by an external contractor.
- See Endnote J (p. 155) re graduates who received the transfer credit they expected.

Goal 3 A Globally Recognized Quality Advanced Learning System

Results at a Glance

▲ Target exceeded
◀ Target met
✕ Target not met
○ N/A, no target set

Outcomes Performance Measures	Previous Years' Results				Current Results	2007-08 Targets
Albertans are achieving advanced learning credentials.						
Educational attainment of Albertans aged 25 to 64: Proportion completing post-secondary education	56% 2003	56% 2004	58% 2005	58% 2006	59% 2007	60% ◀
Educational attainment of Aboriginal Albertans aged 25 to 64: Proportion having completed post-secondary education	45% 2003	43% 2004	44% 2005	43% 2006	45% 2007	45% ◀
Alberta is globally recognized as a destination of choice for international students, faculty, and researchers.						
International visa students registered at Alberta post-secondary institutions	—	—	8,315 2004-05	9,196 2005-06	9,598 2006-07	9,300 ◀
Credentials, prior learning, skills, and experience are valued and recognized.						
Percentage of post-secondary graduates with prior learning who reported that they had received the transfer credit they expected	—	—	91% 2005-06	— 2006-07	87% 2007-08	90%+ ◀

Discussion of Results

Goal 3 focused on a globally recognized quality advanced learning system. Government is committed to ensuring that Alberta is globally recognized for its excellence and that Albertans are achieving quality advanced learning credentials.

The Campus Alberta Quality Council continues to promote the national and international recognition of Alberta degrees by working with quality assurance agencies and engaging experts in its degree reviews. The Council also provides leadership to the Council of Ministers of Education Canada's Quality Assurance Subcommittee to identify and promote best practices in degree assessment across Canada in order to facilitate student mobility.

In 2007, the proportion of Albertans aged 25-64 who completed post-secondary education was 59%. The steady increase in post-secondary educational attainment since 2001 may be attributed to the in-migration of skilled and educated workers to Alberta and learners in the system completing their programs.

Government continued to promote Alberta as a destination of choice for international students and to prepare Albertans for their role in the global marketplace through the implementation of the International Education Action Plan.

In 2006-07, nearly 9,600 international visa students attended publicly funded post-secondary institutions—exceeding the target by nearly 300 students. The ministry also provided increased opportunities for Alberta post-secondary students to participate in international learning and internship programming. Both hosting international students at our post-secondary institutions and providing our students with opportunities to study abroad contribute to the internationalization of the advanced learning system and help position our province for the future.

Ensuring that prior learning, skills and experience are recognized and that credentials are transferable within and out of Alberta is important to prepare Albertans for their role as global citizens. A large majority of 2005-06 graduates surveyed in 2007-08 stated they received the transfer credit they expected. This indicates the advanced learning system is highly flexible to accommodate learner needs and enable learners to achieve desired outcomes. The Alberta Council on Admissions and Transfer continues to work with institutions to encourage and promote collaborative transfer agreements between post-secondary institutions and recognition of prior learning and credentials.

Significant investment in post-secondary infrastructure continued in 2007-08 with $900 million in capital grants to post-secondary institutions. These investments, part of a capital plan of over $1.5 billion, will expand capacity and preserve existing infrastructure. Capital infrastructure will continue to be a priority in future years as it provides the foundation for a quality advanced learning system.

Core Business 2

Innovation

Expenses

In 2007-08, the ministry provided $234 million for the Innovation core business in support of the following goals:

Build Research and Innovation Capacity in Key Areas

- $50.6 million in funding for energy research and technology in six key areas (bitumen upgrading, clean carbon/coal, improved recovery, renewable energy, CO_2 and emissions, and water use).
- $36 million in support of programs in life sciences including $25 million for water research under Alberta's Water for Life strategy.
- $25 million to increase research capacity, including $14 million in funding for nanotechnology.
- $11 million in research grants through iCORE.
- $6 million to fund projects under the Innovation and Service Excellence program.

Capturing Value through Innovation

- $71 million in expenses by Alberta Research Council Inc., including $40 million for contract research and development services funded by the private sector and other external customers.
- $14 million to fund technology commercialization projects, including $8.5 million in innovation support for small and medium enterprises.

Core Business 2 *Innovation*

Goal 4

Build Research and Innovation Capacity in Key Areas

Strategies

In support of Goal 4, Advanced Education and Technology adopted the following strategies:

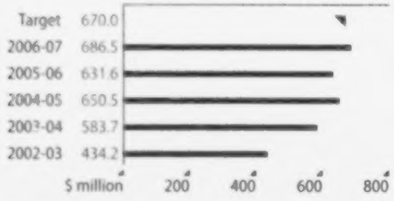
- Strengthen Alberta's strategic scientific innovation capacity in key areas by investing in leading-edge research infrastructure and programs to develop, attract and retain highly qualified scientific personnel at Alberta's public research organizations.
- Work through programs such as the Alberta Science and Research Investments Program and the Small Equipment Grants Program, and collaborate with ASRA (Alberta Science and Research Authority), five research institutes, iCORE Inc., Alberta Research Council Inc., the Alberta Heritage Foundation for Science and Engineering Research and the Alberta Heritage Foundation for Medical Research to align efforts and investments toward strategic research priorities.
- Develop a framework to support the emergence of centres of excellence and ensure alignment of investments with institutional priorities and capacity.
- Support advanced energy research and innovation in six core areas: bitumen upgrading, clean carbon/coal, improved recovery, renewable energy, CO_2 management and water management.
- Support the implementation of the life sciences strategy focusing on bioproducts, health and resource management innovations.
- Support the implementation of the Alberta Nanotechnology Strategy and the creation of nanoAlberta as the key organization to drive Alberta's nanotechnology agenda.
- Implement the information and communications technology strategy and support an environment that fosters research and industry development in strategic areas: building a "Digital Alberta"; focusing on core competencies that support integrated resource management; enhancing research capacity in information and communications technology; and creating a sustainable infrastructure.

Outcome

World-class post secondary institutions and research organizations that are recognized globally for academic and research performance.

Performance Measure

Total Sponsored Research Revenue Attracted by Alberta Universities



Source: Alberta Advanced Education and Technology

Sponsored Research Revenue Attracted by Alberta Universities

Research conducted at Alberta universities is fundamental to the continued development of research capacity and capabilities in the province. University research activities contribute to the creation and implementation of new knowledge needed for a vibrant and innovative society.

- Total sponsored research funding in 2006-07 exceeded the target of $670 million by $16.5 million.
- The increase in total sponsored research funding from $631.6 million in 2005-06 to $686.5 million in 2006-07 can be attributed to the increased competitiveness of Alberta researchers and the expansion of existing programs at the provincial and federal levels that has increased the amount of funding available for university research.
- The introduction of new provincial and federal research programs, along with significant provincial capital investments, are major factors in the 57% increase in sponsored research revenue at Alberta universities from 2001-02 to 2006-07. In 2006-07, the Government of Alberta provided 28% of the sponsored research revenue at Alberta's universities.

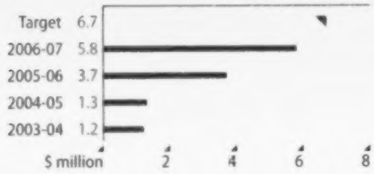
Notes

- See Endnote S (p. 158) re total sponsored research revenue attracted by Alberta universities.

Goal 4 Build Research and Innovation Capacity in Key Areas

Performance Measure

Total Sponsored Applied Research Revenue Attracted by Alberta Technical Institutes and Colleges



Source: Alberta Advanced Education and Technology

Sponsored Applied Research Revenue Attracted by Alberta Technical Institutes and Colleges

Alberta technical institutes and colleges conduct applied research, an important element of Alberta's research and innovation system. Applied research fosters the transfer of knowledge to the industrial/commercial sector and strengthens partnerships between research institutions and industry.

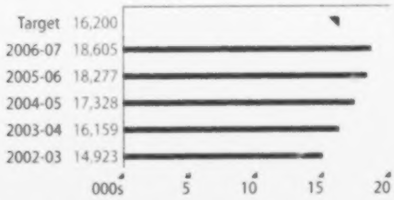
- In 2006-07, Alberta technical institutes and colleges attracted $5.8 million. Acquiring sponsored research revenue is highly competitive and technical institutes and colleges are in the early stages of building research capacity. The target of $6.7 million was not met.
- The increase of $2.1 million in sponsored research revenue from 2005-06 to 2006-07 is a result of the variable nature of the funding opportunities and successes of technical institutes and colleges in garnering funds as they endeavour to grow and expand applied research capacity.
- Applied research uses knowledge to solve practical problems that can contribute to the development of innovative technologies or processes.

Notes

- 2005-06 data has been revised from $6.7 million to $3.7 million due to a revision of technical institute data.
- Targets in the 2009-12 Business plan will be reviewed based on new data trends.
- See Endnote T (p. 158) re total sponsored applied research revenue attracted by Alberta technical institutes and colleges.

Performance Measure

Number of Graduate Students Studying in Alberta



Source: Alberta Advanced Education and Technology

Graduate Students Studying in Alberta

Learners participating in graduate level programs aid Alberta in building a knowledge-based economy by increasing research and innovation capabilities.

- In 2006-07, the number of graduate students studying at Alberta's publicly-funded institutions increased to 18,605. The target of 16,200 was based on data trends that have been restated, therefore the target was surpassed.
- The province continues to promote Alberta as a destination of choice for graduate studies.

Notes

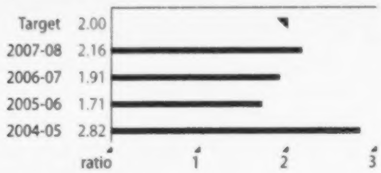
- 2004-05 and 2005-06 data have been restated from the data reported in the 2006-07 Annual Report to capture all graduate students, including learners who are enrolled in post degree certificate and diploma programs containing courses that are equivalent to those offered in masters and doctoral programs.
- Targets have been revised in the 2008-11 Business Plan to better reflect the projected number of graduate students in the system.
- See Endnote D (p. 153) re Learner Enrolment Reporting System.
- See Endnote U (p. 158) re graduate students studying in Alberta.

Goal 4 ***Build Research and Innovation Capacity in Key Areas***

Outcome *Focused areas of research excellence where Alberta has a competitive advantage.*

Performance Measure

Energy Research: Ratio of Private and Other Public Investments to Government of Alberta Investments



Source: Alberta Advanced Education and Technology

Leverage of Government of Alberta Investments in Energy Research

The ratio of private and other public investment to Government of Alberta (GOA) investments in energy research shows how government support is leveraged to attract more investors.

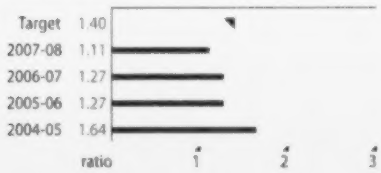
- In 2007-08, for every dollar invested by the GOA, $2.16 was invested by other partners and the target was surpassed.
- The Alberta Energy Research Institute invested in several initiatives through grants established in 2007-08 that were able to leverage significant investment from non-GOA partners.
- The ratios understate the proportion of investments leveraged from non-GOA partners since in-kind contributions are not included.
- This measure has been dropped in the 2008-11 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project.

Notes

- See Endnote V (p. 159) re investments in priority research areas.

Performance Measure

Life Sciences Research: Ratio of Private and Other Public Investments to Government of Alberta Investments



Source: Alberta Advanced Education and Technology

Leverage of Government of Alberta Investments in Life Sciences Research

The ratio of private and other public investment to Government of Alberta (GOA) investments in life sciences research shows how government support is leveraged to attract more investors.

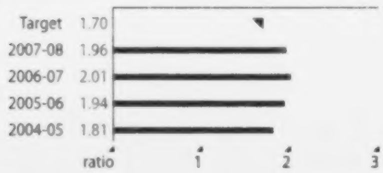
- In 2007-08 for every dollar invested by the GOA, $1.11 was invested by other partners. The target of $1.40 was not met.
- A portion of GOA investment was directed to support research on critical issues, such as mountain pine beetle research. Research investment of this nature has limited investment from other sources, therefore GOA investments were higher than other contributor contributions, which lowered the ratio.
- The ratios understate the proportion of investments leveraged from non-GOA partners since in-kind contributions are not included.
- This measure has been dropped in the 2008-11 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project.

Notes

- See Endnote V (p. 159) re investments in priority research areas.

Performance Measure

ICT Research: Ratio of Private and Other Public Investments to Government of Alberta Investments



Source: Alberta Advanced Education and Technology

Leverage of Government of Alberta Investments in ICT Research

Investment in Information and Communications Technology (ICT) research is key to advancing many areas of research and development.

- In 2007-08, collaborating partners invested $1.96 in ICT research for every dollar invested by the Government of Alberta which exceeded the target.
- This measure is referenced in the Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures (p. 18) as an exception due to third party information reliability issues.
- This measure has been dropped in the 2008-11 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project.

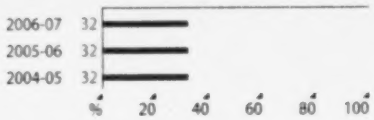
Notes

- See Endnote V (p. 159) re investments in priority research areas.

Goal 4 *Build Research and Innovation Capacity in Key Areas*

Performance Measure

Percentage of Graduate Students Studying in the Priority Areas of Energy, Life Sciences, Nanotechnology, and Information and Communications Technology



Source: Alberta Advanced Education and Technology

Graduate Students Studying in Priority Areas

The proportion of graduate students studying in priority areas is a new measure. Targets for this measure will be set in the 2009-12 Business Plan.

- In 2006-07, the proportion of graduate students studying in the priority areas was 32%, which has remained the same since 2004-05.
- The number of graduate students studying in the priority areas has been increasing at the same rate as the total number of graduate students studying in Alberta.
- Learners in graduate level courses do innovative work and contribute to the research capacity of the province. Training learners in the priority areas is an investment in Alberta's future researchers and innovators.

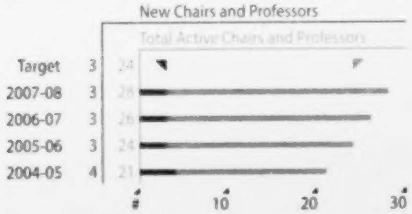
Notes

- See Endnote D (p. 153) re Learner Enrolment Reporting System.
- See Endnote U (p. 158) re graduate students studying in Alberta.

Outcome *A highly skilled and qualified workforce that supports research and innovation.*

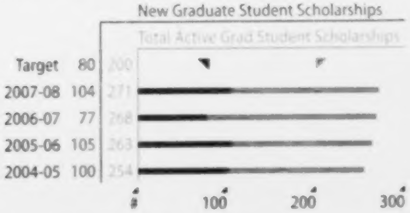
Performance Measure

iCORE Research Chairs, Industry Chairs and Professors ***(Total includes New)***



Source: Alberta Advanced Education and Technology

Graduate Student Scholarships
(Total includes New)



Source: Alberta Advanced Education and Technology

iCORE Awards

iCORE's primary function is to attract, retain, educate and support exceptional ICT researchers and students. Increasing the number of world-class researchers is important to fostering excellence in ICT research and technology development.

- All four targets were met in 2007-08, resulting in an increase in Alberta's ICT research capability.
- In 2007-08, three new research chairs, industry chairs and/or professors were sponsored by iCORE making the total number of active chairs and professors sponsored by iCORE 28 in 2007-08.
- There were 104 new graduate scholarships awarded in 2007-08 which exceeds the target of 80. The number of active graduate student scholarships of 271 exceeds the target of 200 due to increased funding for student scholarships.

Notes

- See Endnote W (p. 159) re iCORE awards.

Goal 4 Build Research and Innovation Capacity in Key Areas

Results at a Glance

▲ *Target exceeded*
◀ *Target met*
✕ *Target not met*
○ *N/A, no target set*

Outcomes Performance Measures		Previous Years' Results				Current Results	2007-08 Targets
World-class post secondary institutions and research organizations that are recognized globally for academic and research performance.							
Total sponsored research revenue attracted by Alberta universities ($ millions)		434.2 2002-03	583.7 2003-04	650.5 2004-05	631.6 2005-06	686.5 2006-07	670.0 ▲
Total sponsored applied research revenue attracted by Alberta technical institutes and colleges ($ millions)		—	1.2 2003-04	1.3 2004-05	3.7 2005-06	5.8 2006-07	6.7 ✕
Number of graduate students studying in Alberta		14,923 2002-03	16,159 2003-04	17,328 2004-05	18,277 2005-06	18,605 2006-07	16,200 ▲
Focused areas of research excellence where Alberta has a competitive advantage.							
Energy research: ratio of private and other public investments to Government of Alberta investments		—	2.82 2004-05	1.71 2005-06	1.91 2006-07	2.16 2007-08	2.00 ▲
Life sciences research: ratio of private and other public investments to Government of Alberta investments		—	1.64 2004-05	1.27 2005-06	1.27 2006-07	1.11 2007-08	1.40 ✕
ICT research: ratio of private and other public investments to Government of Alberta investments		—	1.81 2004-05	1.94 2005-06	2.01 2006-07	1.96 2007-08	1.70 ▲
Graduate students studying in the priority areas of energy, life sciences, nanotechnology, and information and communications technology		—	— 2003-04	32% 2004-05	32% 2005-06	32% 2006-07	— ○
A highly skilled and qualified workforce that supports research and innovation.							
iCORE awards	New Research Chairs, Industry Chairs and Professors	—	4 2004-05	3 2005-06	3 2006-07	3 2007-08	3 ◀
	Total Active Research Chairs, Industry Chairs and Professors	—	21 2004-05	24 2005-06	26 2006-07	28 2007-08	24 ▲
	New Graduate Student Scholarships	—	100 2004-05	105 2005-06	77 2006-07	104 2007-08	80 ▲
	Total Active Graduate Student Scholarships	—	254 2004-05	263 2005-06	268 2006-07	271 2007-08	200 ▲

Discussion of Results

Goal 4 focused on building research and innovation capacity in key areas at Alberta universities, colleges and technical institutes and other research agencies. Government's commitment to supporting scientific excellence and its focus on Alberta's strategic research priorities will ensure that critical mass and capacity is achieved in key areas. Energy, life sciences (agriculture, forestry and health) and information and communications technology continue to be priority areas for Alberta's research and innovation system. Nanotechnology was added to the province's priorities in 2007-08 with $130 million committed over five years to the Alberta Nanotechnology Strategy. In the 21st century, nanotechnology will redefine competitiveness and prosperity across the globe as it bridges the full spectrum of science and cuts across all industries. Government's dedication to building Alberta's research and innovation capacity is also demonstrated by its funding support of $50.6 million in funding for energy research and technology and $36 million for life sciences.

Excellence in research and development attracts sponsored research revenue in a highly competitive environment. The ability of the post-secondary system to attract research funding reflects the quality, capability and capacity of Alberta's research system. Other factors that impact sponsored research revenue include availability of funds through provincial, federal and industry research programs.

Sponsored research funding at Alberta's universities increased from $631.6 million in 2005-06 to $686.5 million in 2006-07. The 58% increase in this funding in the last five years reflects Alberta's success in garnering research awards and investments in research capital initiatives aimed at increasing the research capacity and capability of universities.

Developing, attracting and retaining high quality people with scientific, technical and entrepreneurial skills is vital to an innovative, knowledge-based economy. Through iCORE Inc., the ministry is attracting and growing a critical mass of outstanding researchers and graduate students in key areas. There were 104 new iCORE graduate scholarships awarded in 2007-08 and a total of 271 active graduate scholarships—exceeding the target. In addition, the number of graduate students studying in Alberta increased to 18,605 in 2007-08. The province continues to promote Alberta as a destination of choice for graduate studies.

Alberta's post-secondary institutions continued to attract more sponsored research revenue and increase the number of graduate students in 2007-08. The strength and quality of Alberta's advanced education system is important as it is a key pillar in developing highly skilled people, generating new ideas, translating research into commercial realities and encouraging business development. Alberta's post-secondary institutions operate in a highly competitive domestic and international environment. Strengthening Alberta's innovation system and research capacity and enhancing our level of competitiveness will be key to ensuring the province's long-term success on a global scale.

Core Business 2 *Innovation*

Goal 5

Capturing Value through Innovation

Strategies

In support of Goal 5, Advanced Education and Technology adopted the following strategies:

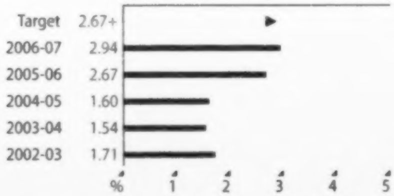
- Work with partners to support the implementation of strategies to accelerate innovation in Alberta through investments in strategic priority areas.
- Work with post-secondary institutions, research foundations, industry associations and other areas of government to enhance the competitiveness of Alberta's business environment with respect to encouraging technology commercialization and adoption.
- Work with partners to foster business opportunities, attract corporate investments and encourage seed and venture funding.
- Develop, attract and retain skilled and highly qualified people in Alberta.
- Encourage and support innovative activities within the Government of Alberta.

Outcome

Grow, attract, and retain successful companies in Alberta's strategic priority sectors through increased application and commercialization of research.

Performance Measure

Percentage of Government of Alberta Expense used to Support Innovation



Source: Statistics Canada and Government of Alberta Annual Reports

Government of Alberta Expense used to Support Innovation

Investments in research, development and innovation are important components that support the overall direction of the provincial government.

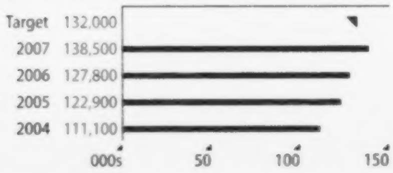
- The percentage of total government expenditures used to support innovation has climbed since 2003-04, showing positive movement toward the long-term target of 5% by 2015, and meeting the target of increasing results above the prior year.
- The yearly expenditure on innovation by the Alberta government increased. Investments by the Government of Alberta to support innovation totaled over $871 million and amounted to 2.94% of total government expenditures in 2006-07.
- The increase in percentage of government spending on innovation is higher than in past years due to a $100 million increase to the Rural Development Fund and an increase of about $70 million in overall research and development expenditures across government.

Notes

- See Endnote O (p. 156) re Government of Alberta expense used to support innovation.

Performance Measure

Number of Albertans Employed in Knowledge-Intensive (High-Tech) Companies



Source: Statistics Canada

Albertans Employed in Knowledge-Intensive (High-Tech) Companies

The number of Albertans employed in knowledge-intensive companies provides a measure of growth in Alberta's research and innovation capability.

- In 2007, Alberta's high-technology companies employed 138,500 people, an 8.4% increase from 2006. The target was met .
- A significant factor driving the increase in knowledge-based sectors has been the high demand for services to support the energy sector.

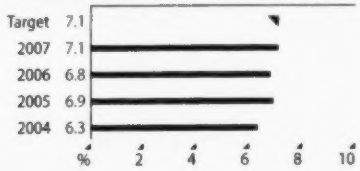
Notes

- See Endnote P (p. 157) re Albertans employed in knowledge-intensive companies.

Goal 5 *Capturing Value through Innovation*

Performance Measure

Albertans Employed in Knowledge-Intensive Companies as a Percentage of Albertans Employed in All Companies



Source: Alberta Advanced Education and Technology

Proportion of Albertans Employed in Knowledge-Intensive Companies

The proportion of Albertans employed in knowledge intensive companies is an indicator of the size of the knowledge-based sector in Alberta.

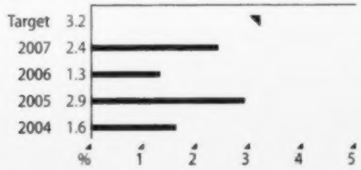
- In 2007, 7.1% of the Alberta workforce was employed with knowledge-intensive (high-tech) companies, meeting the target.
- An increase in employees in knowledge-based companies reflects an overall growth in Alberta's knowledge-intensive capacity.

Notes

- See Endnote P (p. 157) re Albertans employed in knowledge-intensive companies.

Performance Measure

Percentage of Canadian Venture Capital Invested in Alberta



Source: Thompson Financial

Canadian Venture Capital Invested in Alberta

The percentage of Canadian venture capital for early stage projects invested in Alberta is a measure of the impact of the ministry's activities aimed at attracting and facilitating access to venture capital in the province.

- In 2007, Alberta knowledge-based companies attracted 2.4% of the total venture capital invested in Canada, an increase from the 1.3% invested in 2006. The target was not met.
- Alberta's venture capital market is still developing and much of the private capital is allocated to the energy sector. These energy investments are not captured in the database as they do not fit the definition of early stage venture capital.
- The Alberta Enterprise Corporation has been established to attract and strengthen venture capital investment in Alberta. The $100 million fund will increase access to venture capital for technology companies, and build a provincial community of financial professionals experienced in technology deals.

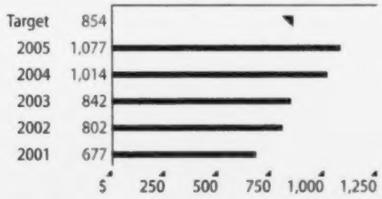
Notes

- See Endnote Q (p. 157) re Canadian venture capital invested in Alberta.
- The title for this measure has been revised to "Percentage of Canadian Venture Capital Invested in Alberta" removing "in Strategic Priority Areas" as this measure does not distinguish between venture capital invested in strategic priority areas and other areas.

Outcome ***Increased business research and development.***

Performance Measure

Alberta Business Expenditures on Research and Development ($millions)



Source: Statistics Canada

Alberta Business Expenditures on Research and Development

Business expenditure on research and development is a measure of the ministry's progress towards creating an environment where great ideas are more likely to be developed and brought to market.

- Alberta business expenditure on research and development has increased substantially. In 2005, business expenditure on research was $1,077 million, exceeding the target of $854 million.
- The government influenced the outcome through the provision of research funding programs where business investment in proposed projects is a factor in funding decisions. Alberta is experiencing above-average growth, and the increase in business research and development expenditures reflects this.
- Investments in research result in innovative ideas, products and processes that, if commercialized in Alberta, have the potential to yield significant economic and social benefits for the province

Notes

- Provincial data is reported for two years previous. 2005 data was released in September 2007.
- 2002-04 data has been restated in Statistics Canada's 2007 publication.
- See Endnote R (p. 157) re business expenditure on research and development.

Goal 5 *Capturing Value through Innovation*

Results at a Glance

- ▲ *Target exceeded*
- ✓ *Target met*
- ✗ *Target not met*
- ○ *N/A, no target set*

Outcomes Performance Measures	**Previous Years' Results**				**Current Results**	**2007-08 Targets**
Grow, attract, and retain successful companies in Alberta's strategic priority sectors, through increased application and commercialization of research.						
Percentage of Government of Alberta expense used to support innovation	1.71% 2002-03	1.54% 2003-04	1.60% 2004-05	2.67% 2005-06	2.94% 2006-07	2.67%+ ✓
Number of Albertans employed in knowledge-intensive (high-tech) companies	— 2003	111,100 2004	122,900 2005	127,800 2006	138,500 2007	132,000 ✓
Albertans employed in knowledge-intensive companies as a percentage of Albertans employed in all companies	— 2003	6.3% 2004	6.9% 2005	6.8% 2006	7.1% 2007	7.1% ✓
Percentage of Canadian venture capital invested in Alberta	— 2003	1.6% 2004	2.9% 2005	1.3% 2006	2.4% 2007	3.2% ✗
Increased business research and development.						
Alberta business expenditures on research and development ($millions)	677 2001	802 2002	842 2003	1,014 2004	1,077 2005	854 ▲

Discussion of Results

Goal 5 focused on capturing value through innovation. Strategic investments in research and development result in innovative ideas, products and processes that, when commercialized successfully for the global market place, have the potential to yield significant economic and social benefits for the province.

Government is committed to help Alberta become a place of choice for commercialization in priority areas and encourages innovation, excellence and competition on a global scale. With this in mind, $14 million was invested to fund technology commercialization projects, including $8.5 million for innovation support for small and medium enterprises.

In 2006-07, government investments supporting innovation totaled over $871 million or 2.94% of total Government of Alberta expenditures. This demonstrates the government's commitment to creating an environment where great ideas are more likely to be developed and brought to market in Alberta, supporting applied research and development, strengthening technology commercialization, and encouraging business growth.

Alberta's venture capital market is still developing. In 2007, Alberta knowledge-based companies attracted 2.4% of the total venture capital invested in Canada in the strategic priority areas of energy, information and communications technology and life sciences, an increase from the 1.3% invested in 2006.

Alberta's economy remains largely based on non-renewable natural resources and price-driven export revenue which leaves the province vulnerable to global shifts in demand and commodity prices. The number of Albertans employed in knowledge-based companies continues to grow and business expenditures on research and development are increasing, however, knowledge-based companies continue to be a small component of Alberta's economy and Alberta attracts a small share of Canada's venture capital.

Building and growing knowledge-based companies is important to Alberta's ongoing success in the new global economy. To move Alberta towards becoming a more innovative province, government developed and approved the Value-Added and Technology Commercialization Policy and Action Plan in 2007-08 to help create a supportive environment for companies to grow and be successful in world markets. It includes strategies related to product commercialization and business development centres, as well as the establishment of the Alberta Enterprise Corporation to increase access to venture capital for technology companies. Implementation of the Policy and Action Plan will be a key focus area for the ministry in future years.

Ministry of Advanced Education and Technology

Consolidated Financial Statements

March 31, 2008

Audited Information

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Schedules to the Consolidated Financial Statements

Schedule 1	*Revenues*
2	*Expenses - Directly Incurred Detailed by Object*
3	*Budget*
4	*Funding Provided to Post-Secondary Institutions*
5	*Statement of Alberta Heritage Scholarship Fund Expenses*
6	*Voted Non-Budgetary Disbursements by Program*
7	*Related Party Transactions*
8	*Allocated Costs*

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Advanced Education and Technology as at March 31, 2008 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 22, 2008

Consolidated Statement of Operations

for the year ended March 31, 2008

(in thousands)	2008 Budget (Schedule 3)	2008 Actual	2007 Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 176,001	$ 175,635	$ 168,438
Transfers from Government of Canada	383,306	378,540	232,185
Investment Income	10,650	11,374	10,327
Premiums, Fees and Licenses	8,160	7,707	6,744
Increase in Equity in Public Post-Secondary Institutions (Note 10)	—	50,242	372,206
Other Revenue	45,061	51,167	44,162
	623,178	674,665	834,062
Expenses - Directly Incurred (Note 2c and Schedule 2)			
Support for Adult Learning	1,807,463	1,835,432	1,708,163
Support to Post-Secondary Learners	189,258	152,236	119,813
Post-Secondary Facilities Infrastructure	759,296	900,384	395,441
Apprenticeship Delivery	30,746	31,540	24,560
Alberta Centennial Education Savings Plan	19,500	13,219	7,723
Research and Innovation Capacity	132,502	127,506	101,129
Technology Commercialization	12,962	17,624	12,873
Policy and Planning	6,246	5,666	5,303
Ministry Support Services	19,179	18,508	15,526
Access to the Future Fund	52,729	50,574	42,503
Alberta Research Council Inc.	68,768	71,056	64,236
iCORE Inc.	11,458	12,552	10,865
Valuation Adjustment	5	243	541
Ministry Expense	3,110,112	3,236,540	2,508,676
(Loss) Gain on Disposal of Tangible Capital Assets	—	(20)	33
Write-down of Tangible Capital Assets	—	(552)	(47)
Ministry Net Operating Results	$ (2,486,934)	$ (2,562,447)	$ (1,674,628)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

as at March 31, 2008

(in thousands)	2008	2007
Assets		
Cash (Note 4)	$ 50,614	$ 27,934
Accounts Receivable and Other Assets (Note 5)	53,690	29,341
Loans Receivable (Note 6)	220,621	188,172
Tangible Capital Assets (Note 7)	47,340	41,778
Equity in Public Post-Secondary Institutions (Note 10)	2,470,808	2,764,666
	$ 2,843,073	$ 3,051,891
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	$ 221,471	$ 141,748
Unearned Revenue (Note 9)	29,650	59,440
Deferred Contributions	1,435	1,114
	252,556	202,302
Net Assets		
Net Assets at Beginning of Year	2,849,589	2,537,294
Adjustment to Opening Net Assets (Note 3)	(344,100)	—
Net Operating Results	(2,562,447)	(1,674,628)
Net Transfer from General Revenues	2,647,475	1,986,923
Net Assets at End of Year	2,590,517	2,849,589
	$ 2,843,073	$ 3,051,891

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Operating Transactions		
Net Operating Results	$ (2,562,447)	$ (1,674,628)
Non-cash Items included in Net Operating Results		
Increase in Equity in Public Post-Secondary Institutions (Note 10)	(50,242)	(372,206)
Amortization	4,562	3,784
Valuation Adjustments		
Provision for Future Cost of Student Loans Issued	32,716	15,671
Provision for Vacation Pay and Other Provisions	243	541
Write-down of Tangible Capital Assets	552	47
Loss (Gain) on Disposal of Tangible Capital Assets	20	(33)
	(2,574,596)	(2,026,824)
Increase in Accounts Receivable	(24,349)	(1,899)
Increase in Accounts Payable and Accrued Liabilities	81,910	58,008
Decrease in Current Portion of Long Term Debt	—	(273)
(Decrease) Increase in Unearned Revenue	(29,790)	52,182
Increase (Decrease) in Deferred Contributions	321	(426)
Cash Applied to Operating Transactions	(2,546,504)	(1,919,232)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(11,712)	(12,523)
Tangible Capital Assets Transferred to Other Ministries	800	1,136
Proceeds from Disposal of Tangible Capital Assets	216	33
Cash Applied to Capital Transactions	(10,696)	(11,354)
Investing Transactions		
Net Change in Loans Receivable	(67,595)	(53,590)
Cash Applied to Investing Transactions	(67,595)	(53,590)
Financing Transactions		
Net Transfer from General Revenues	2,647,475	1,986,923
Cash Provided by Financing Transactions	2,647,475	1,986,923
Increase in Cash	22,680	2,747
Cash, Beginning of Year	27,934	25,187
Cash, End of Year	$ 50,614	$ 27,934

The accompanying notes and schedules are part of these financial statements.

Notes to the Consolidated Financial Statements

March 31, 2008

Note 1 Authority and Purpose

The Minister of Advanced Education and Technology has been designated as responsible for various Acts by the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000 and its regulations.

Below are the organizations that form the Ministry of Advanced Education and Technology and the authority under which each organization operates.

Organization	*Authority*
Department of Advanced Education and Technology	*Government Organization Act*
Alberta Research Council Inc. including its wholly owned subsidiary C-FER Technologies (1999) Inc.	*Business Corporations Act / Government Organization Act*
iCORE Inc.	*Business Corporations Act / Government Organization Act*
Access to the Future Fund	*Access to the Future Act*
Public Post-secondary Institutions (Schedule 4)	*Post-secondary Learning Act*

In support of Alberta's vision, Advanced Education and Technology's purpose is to assist Alberta to be a learning and innovative society.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the ministries.

(a) Reporting Entity

The reporting entity is the Ministry of Advanced Education and Technology, for which the Minister of Advanced Education and Technology is accountable. These consolidated financial statements include activities of the Department of Advanced Education and Technology, the Alberta Research Council Inc., the iCORE Inc., Public Post-Secondary Institutions and the Access to the Future Fund.

Schedule 4 provides a list of Public Post-Secondary Institutions.

The Minister of Advanced Education and Technology is responsible for legislation pertaining to the Alberta Heritage Foundation for Science and Engineering Research and the Alberta Heritage Foundation for Medical Research, however, the financial statements for these two entities are not consolidated in the Ministry's statements. The Ministry Annual Report includes activity information and financial statements for each of these entities.

(b) Method of Consolidation

The accounts of the Department, the Alberta Research Council Inc., iCORE Inc. and the Access to the Future Fund are fully consolidated on a line-by-line basis. Revenue and expense transactions, capital, investing and financing transactions and related asset and liability accounts between these entities have been eliminated.

The accounts of the Public Post-Secondary Institutions are consolidated on a modified equity basis in accordance with standards issued by the Public Sector Accounting Board. Under the modified equity method, the accounting policies of Public Post-Secondary Institutions are not adjusted to conform with those of the Ministry. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated. Equity balances for the Public Post-Secondary Institutions are compiled in accordance with Canadian generally accepted accounting principles applicable to public post-secondary institutions.

The year-end of colleges and technical institutes is June 30. Transactions of these organizations that have occurred during the period July 1, 2007 to March 31, 2008, and that significantly affect the consolidated accounts, have been recorded.

The Ministry Annual Report for the year ended March 31, 2008 includes summary financial information compiled from Public Post-Secondary Institutions audited financial statements for the year ended June 30, 2007 for the colleges and technical institutes and March 31, 2008 for the universities and the Banff Centre for Continuing Education.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria (if any) are met, and a reasonable estimate of the amounts can be made. Overpayments relating to Canada Social Transfer entitlements are included in accounts payable and accrued liabilities.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries and supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to student loans and vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 8.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees, students and other individuals.

Loans receivable are recorded at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Expenses for patents owned by the Ministry as a result of research activity are not capitalized due to the uncertain value of benefits that may accrue to the Ministry.

Expenses on the acquisition or development of other intangible assets including intellectual capital are not capitalized as currently there is no acceptable methodology for measuring the value of future benefits accruing to the Ministry.

Equity in Public Post-secondary Institutions represents the difference between the carrying value of assets held by the Institutions and their liabilities as determined at March 31, 2008.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is variance between the recognized or disclosed amount and another reasonably possible amount.

The areas with measurement uncertainty are the allowance for loan relief completion payments amounting to $47,433 (2007 - $46,318), the allowance for impaired loans amounting to $26,464 (2007 - $25,510), the liability for student loans issued amounting to $2,841 (2007 - $5,422), the allowance for loan subsidy amounting to $5,283 (2007 - $0) and the Canada Social Transfers $337,325 (2007 - $175,105).

The Ministry has made certain estimates in the following areas:

- The number of students exceeding their maximum debt limit in determining the allowance for loan relief completion payments.
- Recovery and default rates in the determination of the allowance for impaired loans.
- Student loan amortization periods in the determination of the allowance for loan subsidy.
- Future interest, recovery and default rates in the determination of the liability for student loans.

In addition, the current Canada Social Transfer revenue is subject to adjustment as a result of updated personal and corporate tax information for prior years or from new entitlements with little historical experience.

Changes in these estimates could materially impact the allowance for loan relief completion payments, the allowance for impaired loans, the allowance for loan subsidy, the liability for student loans issued and the Canada Social Transfers.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, accounts payable, accrued liabilities and unearned revenue are estimated to approximate their carrying values because of the short term nature of these instruments. The fair value of long-term debt approximates its carrying value as interest rates approximate the market value. The fair values of loans receivable and liability for student loans issued are not reported as there is no organized financial market for these instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 3

Net Assets

(in thousands)

Beginning in the 2007-08 fiscal year, the Ministry is reporting the employers' portion of the unfunded liability of the Universities Academic Pension Plan (the Plan). As a result, an adjustment for $344,100 (2007 - $0) was made to the opening net assets of the Ministry to incorporate the employers' portion of the unfunded liability of the Plan. The amount of the adjustment was determined by an actuarial extrapolation in accordance with section 3461 of the Canadian Institute of Chartered Accountants handbook. Additional information on the Plan is included in Note 10.

Note 4

Cash

The cash balance consists of the following:

(in thousands)	2008	2007
Access to the Future Fund	$ 32,733	$ 9,839
Alberta Research Council Inc.	12,905	12,141
Department of Advanced Education and Technology	4,858	5,831
iCORE Inc.	118	123
	$ 50,614	$ 27,934

Note 5 Accounts Receivable and Other Assets

(in thousands)	2008 Gross Amount	2008 Allowance for Doubtful Accounts	2008 Net Realizable Value	2007 Net Realizable Value
Government of Canada	$ 32,137	$ —	$ 32,137	$ 12,562
Commercial	17,769	842	16,927	13,722
Accrued Interest Receivable on Loans	931	—	931	1,253
Alberta Government Departments and Agencies	478	—	478	698
Other	3,217	—	3,217	1,106
	$ 54,532	$ 842	$ 53,690	$ 29,341

Accounts receivable are unsecured and reported at their net realizable value.

Note 6 Loans Receivable

(in thousands)	2008	2007
Loans Receivable	$ 299,801	$ 260,000
Less:		
Allowance for Loan Relief Completion Payments	(47,433)	(46,318)
Allowance for Impaired Loans	(26,464)	(25,510)
Allowance for Loan Subsidy	(5,283)	—
	$ 220,621	$ 188,172

Effective August 2001, under the terms of the Alberta Student Loan Program, loans are provided by the Department to qualifying students at interest rates prescribed by the Minister of Advanced Education and Technology.

Loans receivable are stated at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Loans become payable and interest is earned when students discontinue their studies or graduate. When loans receivable are classified as impaired, interest ceases to accrue. Loans are unsecured and are repayable to a maximum term of 114 months.

Loan relief completion payments on Alberta Student Loans are available to students who complete their studies and have assumed a total combined indebtedness of Canada and Alberta Student Loans exceeding established debt limits.

The allowance for impaired loans is a general provision that estimates the amount of loans receivable that will be impaired. The key assumptions used to determine this provision are default and recovery rates.

Loans receivable are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest, or
- the borrower has failed to make payments for a period of 150 days, or
- interest is owing to the Province for a period of 180 days.

Prior to March 31, 2008, loans bore interest at either a fixed rate of prime plus 5% or floating rate based on prime plus 2.5%. Effective April 1, 2008, the interest rates on student loans will be reduced to a floating rate of prime or a fixed rate of prime plus 2%. The change will apply to all outstanding loans and will result in the province receiving interest payments over the term of the loans that do not fully cover the Government's cost of financing the loan portfolio. The allowance for loan subsidy is a provision that reflects the future benefit provided to students as a result of the favourable loan terms. Changes in future year estimates are expensed and are amortized over the estimated life of the student repayment period.

Note 7

Tangible Capital Assets

(in thousands)	2008 Land	 Building	 Equipment (a)	 Computer Hardware / Software	 Leasehold Improvements	 Total	2007 Total (Restated - see Note 3)
Estimated Useful Life	Indefinite	30 years	5-10 years	3-10 years	25 years		
Historical Cost (b)							
Beginning of year	$ 566	$ 2,142	$ 44,337	$ 33,106	$ 9,315	$ 89,466	$ 80,374
Additions	—	37	7,041	3,710	924	11,712	12,523
Disposals including:							
Write-downs	—	—	(872)	—	—	(872)	(2,294)
Impairment	—	—	(4,816)	(900)	(8,309)	(14,025)	—
Transfers	—	—	(800)	—	—	(800)	(1,136)
Other (c)	—	—	—	—	—	—	(13,059)
	566	2,179	44,890	35,916	1,930	85,481	76,408
Accumulated Amortization							
Beginning of year	—	575	28,360	9,994	8,758	47,687	46,152
Amortization expense	—	67	1,812	2,615	68	4,562	3,784
Effect of disposals, including write-downs	—	—	(635)	—	—	(635)	(2,247)
Other (c)	—	—	(4,264)	(900)	(8,309)	(13,473)	(13,059)
	—	642	25,273	11,709	517	38,141	34,630
Net Book Value at March 31, 2008	$ 566	$ 1,537	$ 19,617	$ 24,207	$ 1,413	$ 47,340	
Net Book Value at March 31, 2007	$ 566	$ 1,567	$ 15,977	$ 23,111	$ 557		$ 41,778

(a) Equipment includes office equipment, furniture and fixtures.

(b) Historical cost included work-in-progress at March 31, 2008 totaling $12,023 (2007 - $18,250) comprised of computer software development projects.

(c) Includes capital assets from discontinued operations.

Note 8

Accounts Payable, Accrued Liabilities

(in thousands)	2008	2007
Accounts Payable	$ 115,782	$ 41,658
Accrued Liabilities:		
Vacation	8,710	8,141
Other	31,757	19,778
Liabilities for Student Loans Issued (a)	2,841	5,422
Advances from Government of Canada	62,381	66,749
	$ 221,471	$ 141,748

(a) Prior to August 2001, financial institutions issued loans under guaranteed and non-guaranteed risk share initiatives to Alberta students. These student loans result in a liability to the government for loan relief completion payments, interest, guarantees and risk premium.

Note 9

Unearned Revenue

(in thousands)	2008	2007
Unearned Revenue:		
Federal Post-Secondary Education Infrastructure Trust	$ 19,008	$ 50,731
Other	10,642	8,709
	$ 29,650	$ 59,440

Note 10

Equity in Public Post-Secondary Institutions

(in thousands)

	2008	2007
Equity at beginning of year	$ 2,764,666	$ 2,392,460
Equity at beginning of year adjustment (a)	(344,100)	—
Sub-Total	2,420,566	2,392,460
Transfers from government sector entities	1,967,908	1,782,427
Other income	1,852,607	1,831,179
Total income	3,820,515	3,613,606
Total expenses	3,829,493	3,435,306
Net income	(8,978)	178,300
Contributions to endowment	59,220	193,906
Increase in equity for the year	50,242	372,206
Equity at end of year	$ 2,470,808	$ 2,764,666
Represented by		
Assets		
Cash and temporary investments	$ 731,161	$ 1,089,880
Due from government sector entities	162,455	42,334
Investments	2,695,019	1,733,659
Tangible assets	4,434,566	3,877,902
Accounts receivable and other assets	382,050	395,472
	8,405,251	7,139,247
Liabilities		
Accounts payable and accrued liabilities	574,881	405,591
Debt held by government sector entities	463,107	381,086
Other liabilities and unmatured debt (a)	464,237	145,513
Deferred contributions (b)	842,741	770,427
Deferred capital contributions (b)	706,722	262,310
Unamortized deferred capital contributions (b)	2,882,755	2,409,654
	5,934,443	4,374,581
	$ 2,470,808	$ 2,764,666
Contractual Obligations (c)	$ 1,210,511	$ 1,019,804
Contingent Liabilities (d)	$ 21,457	$ 19,000

(a) The equity adjustment at the beginning of the year for $344,100 represents the universities' share of the unfunded liability of the Universities Academic Pension Plan as at April 1, 2007. Other liabilities and unmatured debt for 2008 includes $360,090 representing the universities' share of the unfunded liability at March 31, 2008.

(b) Public post-secondary institutions follow the deferral method of accounting where contributions are deferred until the related expenses or capital investment occurs.

(c) Contractual obligations of the Public Post-Secondary Institutions are comprised of $240,884 in Service Contracts, $899,826 in Capital Construction Contracts, $59,640 in Long-term Leases and $10,161 in other obligations. The Department has grant commitments to fund some of these projects.

(d) As at March 31, 2008, public post-secondary institutions were defendants in a number of legal claims. Four of these claims have specified amounts totaling $17,527 (2007 - $17,700). The value of the remaining claims is unknown at this time. The resulting loss, if any, from these claims cannot be determined. The public post-secondary institutions also entered into employment contracts that included a commitment to provide or guarantee housing loans in the amount of $3,930 (Restated Additional 2007 - $1,300).

Note 11

Contractual Obligations

(in thousands)	2008	2007
Department	$ 1,216,215	$ 859,922
iCORE Inc.	19,419	20,453
Alberta Research Council Inc.	209	324
Access to the Future Fund	—	16,500
	$ 1,235,843	$ 897,199

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

			2008			2007
(in thousands)	Service Contracts	Grants	Uncashed Loans	Computer Development	Total	Total
2008	$ —	$ —	$ —	$ —	$ —	$ 635,629
2009	4,594	672,158	3,437	1,104	681,293	242,084
2010	542	308,062	—	6	308,610	14,782
2011	55	173,565	—	—	173,620	4,704
2012	—	72,095	—	—	72,095	—
Thereafter	—	225	—	—	225	—
	$ 5,191	$ 1,226,105	$ 3,437	$ 1,110	$ 1,235,843	$ 897,199

Contractual obligations for the Public Post-Secondary Institutions are not included in the above; additional information on the contractual obligations for the Public Post-Secondary Institutions can be found in Note 10.

Note 12

Contingent Liabilities

(in thousands)

At March 31, 2008, the Ministry of Advanced Education and Technology is a defendant in three legal claims (2007 - four legal claims) and have specified amounts totaling $53,400 (2007 - $53,400).

The resulting loss, if any, from these claims can not be determined.

Contingent Liabilities for the Public Post-Secondary Institutions are not included with the Ministry's contingent liabilities. Additional information on contingent liabilities for the Public Post-Secondary Institutions can be found in Note 10.

Note 13

Payments under Agreement

(in thousands)

The Department has entered into agreements to deliver programs that are fully funded by the Government of Canada. Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, section 25. Accounts receivable includes $28,606 (2007 - $8,851) and accounts payable and accrued liabilities includes $4,213 (2007 - $4,524) relating to payments under agreement.

Amounts paid and payable under agreements on behalf of the Government of Canada:

	2008	2007
Canadian Millennium Scholarship Foundation		
Canadian Millennium Scholarships	$ 21,745	$ 27,203
Government of Canada		
Canada Study Grants	6,747	7,309
Canada Access Grants	4,291	4,455
French Minority Language Education and French Second Language Instruction	3,937	5,813
	$ 36,720	$ 44,780

Note 14

Defined Benefit Plans

(in thousands)

Ministry Pension Plans

The Ministry participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $7,631 for the year ended March 31, 2008 (2007 - $6,527).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 - $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus - $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 - $3,698).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus - $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 - $10,148). The expense for these two plans is limited to the employer's annual contributions for the year.

Universities Academic Pension Plan

The Universities Academic Pension Plan (UAPP) is a multi-employer defined benefit pension plan for academic staff and other members (Employees) of the Universities of Alberta, Calgary and Lethbridge, Athabasca University and the Banff Centre for Continuing Education (Employers).

The Government of Alberta's responsibility to the Plan is limited to a portion of the pre 1992 unfunded liability whereas the Employers and Employees share equally in the balance of any pre 1992 or post 1991 unfunded liabilities. The financial statements of Alberta Finance contain the Province's portion of the unfunded liability.

The Annual Report of the Universities Academic Pension Plan contains additional information.

Note 15

Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 16

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Consolidated Financial Statements

for the year ended March 31, 2008

Schedule 1

Revenues

(in thousands)	2008 Budget	2008 Actual	2007 Actual
Internal Government Transfers			
Lottery Fund	$ 104,043	$ 104,043	$ 103,957
Alberta Heritage Scholarship Fund	26,452	25,883	24,921
Access to the Future Fund	45,506	45,709	39,560
	176,001	175,635	168,438
Transfers from Government of Canada			
Canada Social Transfers	338,305	337,325	175,105
Canada Student Loans Administration	1,775	2,213	1,102
Post-Secondary Education Infrastructure Trust	35,000	31,723	50,577
Other	8,226	7,279	5,401
	383,306	378,540	232,185
Investment Income			
Interest on Student Loans Issued	9,800	8,820	7,858
Other	850	2,554	2,469
	10,650	11,374	10,327
Premiums, Fees and Licenses			
Marketing Apprenticeship	8,000	7,529	6,530
Trade School License Fee	160	164	158
Other	—	14	56
	8,160	7,707	6,744
Increase in Equity in Public Post-Secondary Institutions	—	50,242	372,206
	—	50,242	372,206
Other Revenue			
Contract Revenue	42,535	45,635	40,580
Refunds of Expenditure	—	4,774	3,441
Miscellaneous	2,526	758	141
	45,061	51,167	44,162
	$ 623,178	$ 674,665	$ 834,062

Schedule 2

Expenses - Directly Incurred Detailed by Object

(in thousands)	2008 Budget	2008 Actual	2007 Actual
Grants	$ 2,875,685	$ 3,021,594	$ 2,330,516
Salaries, Wages and Employee Benefits	104,836	104,201	92,777
Supplies and Services	79,434	74,818	66,934
Amortization of Capital Assets	7,682	4,562	3,784
Other	170	262	238
Valuation Adjustments			
Provision for Future Costs of Student Loans Issued	42,300	32,716	15,671
Valuation Adjustment and Other Provisions	5	243	541
	3,110,112	3,238,396	2,510,461
Less:			
Recoveries from Support Service Arrangements with Related Parties (a)	—	(1,856)	(1,785)
	$ 3,110,112	$ 3,236,540	$ 2,508,676

(a) The Ministry provides information technology support services to the Ministry of Human Resources and Employment $1,856 (2007 - $1,785). Costs for these services are recovered from the Ministry.

Schedule 3

Budget

(in thousands)	2008 Estimates (a)	Adjustments (b)	Authorized Supplementary (c)	Authorized Budget
Revenues				
Internal Government Transfers	$ 176,001	$ —	$ —	$ 176,001
Transfers from Government of Canada	383,306	—	—	383,306
Investment Income	10,650	—	—	10,650
Premiums, Fees and Licenses	8,160	—	—	8,160
Increase in Equity in Public Post-Secondary Institutions	—	—	—	—
Other Revenue	45,061	—	—	45,061
	623,178	—	—	623,178
Expenses - Directly Incurred				
Support for Adult Learning	1,807,463	—	4,000	1,811,463
Support to Post-Secondary Learners	189,258	—	—	189,258
Post-Secondary Facilities Infrastructure	759,296	—	141,100	900,396
Apprenticeship Delivery	30,746	—	—	30,746
Alberta Centennial Education Savings Plan	19,500	—	—	19,500
Research and Innovation Capacity	132,502	—	—	132,502
Technology Commercialization	12,962	—	—	12,962
Policy and Planning	6,246	—	—	6,246
Ministry Support Services	19,179	—	—	19,179
Access to the Future Fund	52,729	—	—	52,729
Alberta Research Council Inc.	68,768	—	—	68,768
iCORE Inc.	11,458	—	—	11,458
Valuation Adjustment	5	—	—	5
Dedicated Revenue Shortfalls	—	(1,012)	—	(1,012)
Ministry Expense	3,110,112	(1,012)	145,100	3,254,200
Gain (Loss) on Disposal of Tangible Capital Assets	—	—	—	—
Write-down of Tangible Capital Assets	—	—	—	—
Ministry Net Operating Results	$ (2,486,934)	$ 1,012	$ (145,100)	$ (2,631,022)
Equipment and Inventory Purchases	$ 10,400	$ —	$ —	$ 10,400

(a) Estimates have been restated to reflect the following transfers from Alberta Infrastructure:
- $15.967 million transfer of appropriation for emerging capital purposes, and
- $0.1 million transfer per Order in Council (70/2008).

(b) Adjustments were authorized by Treasury Board under sections 5(1)(a) and 5(4)(a) of the *Appropriation Act 2007*.

(c) Supplementary estimates were approved on November 21, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for dedicated revenue initiatives).

Schedule 4

Funding Provided to Post-Secondary Institutions

(in thousands)	2008			
	Base Operating Grants	Other Operating Grants [a]	Grants for Infrastructure	Total
Public Post-Secondary Institutions				
Public Colleges				
Alberta College of Art and Design	$ 10,417	$ 829	$ 639	$ 11,885
Bow Valley College	24,851	4,671	42,918	72,440
Grande Prairie Regional College	21,934	1,812	8,470	32,216
Grant MacEwan College	69,724	20,212	25,689	115,625
Keyano College	26,758	7,113	12,692	46,563
Lakeland College	26,000	3,262	8,987	38,249
Lethbridge College	32,148	8,445	9,767	50,360
Medicine Hat College	23,491	3,806	13,573	40,870
Mount Royal College	61,127	13,560	1,210	75,897
NorQuest College	27,667	11,363	2,336	41,366
Northern Lakes College	23,678	1,223	1,298	26,199
Olds College	19,865	3,691	19,913	43,469
Portage College	16,533	1,630	8,796	26,959
Red Deer College	35,719	5,575	34,370	75,664
Technical Institutes				
Northern Alberta Institute of Technology	134,509	37,207	21,669	193,385
Southern Alberta Institute of Technology	106,065	34,383	17,869	158,317
Universities				
Athabasca University	29,922	4,920	30,142	64,984
University of Alberta	442,168	90,327	412,301	944,796
University of Calgary	301,353	56,039	166,923	524,315
University of Lethbridge	73,058	15,241	39,249	127,548
Banff Centre				
The Banff Centre for Continuing Education	13,616	1,488	12,985	28,089
Total Public Post-Secondary Institutions	$ 1,520,603	$ 326,797	$ 891,796	$ 2,739,196
Private Colleges and Vocational Schools				
Private Colleges				
Ambrose University College [b]	$ 1,923	$ 310	$ —	$ 2,233
Canadian Nazarene University College	226	—	—	226
Canadian University College	2,364	267	—	2,631
Concordia University College of Alberta	8,490	1,471	—	9,961
St. Mary's University College	1,715	432	—	2,147
Taylor University College and Seminary	1,333	200	—	1,533
The King's University College	3,253	539	—	3,792
Private Vocational Schools				
Columbia College	—	123	—	123
Total Private Colleges and Vocational Schools	$ 19,304	$ 3,342	$ —	$ 22,646

(a) Includes programs such as Enrolment Planning Envelope, Performance Envelope, Research Grants and Access to the Future Fund.

(b) Ambrose University College previously operated under the name of Alliance University College. Effective date of the name change was May 2007.

Schedule 5

Statement of Alberta Heritage Scholarship Fund Expenses

(in thousands)

The Alberta Heritage Scholarship Fund is designed to reward Albertans for excellence and outstanding achievement.

Under the *Alberta Heritage Scholarship Act*, the Minister of Advanced Education and Technology is responsible for the administration of scholarships, while the Provincial Treasurer is responsible to hold and administer the Fund. Scholarship payments from the Fund are made from the investment earnings on the Fund assets. The endowment and retained earnings of the Fund total $816,939 (2007 - $576,215). The financial statements of the Fund are included in the annual report of the Ministry of Finance.

	Actual				Cumulative	
	2008		2007		1981 - 2008	
(Expenses in thousands)	Number of Recipients	Expenses	Number of Recipients	Expenses	Number of Recipients	Expenses
Rutherford	9,965	$ 20,654	9,663	$ 19,912	167,700	$ 245,829
McKinney	989	2,466	966	2,415	22,773	58,969
Lougheed	14	250	15	265	540	7,753
Steinhauer	15	265	15	265	531	7,431
United World College	15	471	16	424	231	5,561
Other Heritage Scholarships	1,238	1,777	1,205	1,640	12,570	29,979
	12,236	$ 25,883	11,880	$ 24,921	204,345	$ 355,522

The Alberta Heritage Scholarship Fund is designed to reward Albertans for excellence and outstanding achievement. Alberta Heritage Scholarship Fund expenses of $25,883 (2007 - $24,921) are included in Support to Post-Secondary Learners on the Consolidated Statement of Operations.

Schedule 6

Voted Non-Budgetary Disbursements by Program

	2008		2007
(in thousands)	Budget	Actual	Actual
Support to Post-Secondary Learners			
Cost of Student Loans Issued:			
Student Loans Servicing Cost	$ 1,700	$ 1,477	$ 2,945
Student Loan Relief - Completion Payments	600	65	220
Student Loan Disbursements	116,000	101,469	83,604
	$ 118,300	$ 103,011	$ 86,769

Non-budgetary disbursements represent payments during the year which are applied against the liability for student loans and financing of Alberta student loans.

Schedule 7

Related Party Transactions

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties which are recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

(in thousands)	Other Entities 2008	Other Entities 2007
Revenues		
Grants	$ 175,635	$ 168,438
Other	2,604	1,949
	$ 178,239	$ 170,387
Expenses - Directly Incurred		
Grants	$ 2,387	$ 4,668
Other Services	5,972	6,320
	$ 8,359	$ 10,988
Tangible Capital Assets Transferred	$ 800	$ 1,136
Receivables from	$ 552	$ 382
Payables to	$ 1,488	$ 1,025

The above transactions do not include support service arrangement transactions disclosed in Schedule 8.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation and Legal expenses incurred by others are disclosed in Schedule 8.

(in thousands)	2008	2007 (Restated - see Note 3)
Expenses - Incurred by Others		
Accommodation	$ 28,584	$ 23,835
Legal	344	220
Air Transportation Services / Executive Vehicle	123	86
Internal Audit	77	—
Shared Services	2,844	2,810
	$ 31,972	$ 26,951

Schedule 8

Allocated Costs

	2008				2007
		Expenses - Incurred by Others			
(in thousands)	Expenses (a)	Accommodation Costs (b)	Legal Services (c)	Total Expenses	Total Expenses
Program					
Support for Adult Learning	$ 1,835,432	$ 1,110	$ 7	$ 1,836,549	$ 1,708,306
Support to Post-Secondary Learners	152,479	1,934	—	154,413	121,801
Post-Secondary Facilities Infrastructure	900,384	—	—	900,384	395,441
Apprenticeship Delivery	31,540	3,448	32	35,020	27,146
Alberta Centennial Education Savings Plan	13,219	—	—	13,219	7,723
Research and Innovation Capacity	127,506	673	152	128,331	101,709
Technology Commercialization	17,624	387	3	18,014	13,187
Policy and Planning	5,666	656	107	6,429	5,596
Ministry Support Services	18,508	1,514	43	20,065	17,576
Access to the Future Fund	50,574	—	—	50,574	42,503
Alberta Research Council Inc.	71,056	18,862	—	89,918	80,878
iCORE Inc.	12,552	—	—	12,552	10,865
	$ 3,236,540	$ 28,584	$ 344	$ 3,265,468	$ 2,532,731

(a) Expenses – Directly Incurred as per Statement of Operations. Support to post-secondary learners includes valuation adjustments, provision for future costs of student loans issued and Alberta Centennial Education Savings Plan (ACES).

(b) Costs shown for Accommodation on Schedule 7 are allocated based on proportion of full time staff.

(c) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

Department of Advanced Education and Technology

Financial Statements

March 31, 2008

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Advanced Education and Technology

I have audited the statement of financial position of the Department of Advanced Education and Technology as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
May 22, 2008

Statement of Operations

for the year ended March 31, 2008

(in thousands)	2008		2007
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 130,495	$ 129,926	$ 128,878
Transfers from Government of Canada	383,306	378,540	232,184
Investment Income	9,800	8,820	7,858
Premiums, Fees and Licenses	8,160	7,707	6,744
Other Revenue	2,976	5,716	3,584
	534,737	530,709	379,248
Expenses - Directly Incurred (Note 2b & Schedules 3 & 5)			
Voted			
Ministry Support Services	19,179	18,508	15,622
Support for Adult Learning	1,807,913	1,835,616	1,708,163
Support to Post-Secondary Learners	120,506	93,638	79,221
Post-Secondary Facilities Infrastructure	759,296	900,384	395,441
Apprenticeship Delivery	30,746	31,540	24,560
Research and Innovation Capacity	143,960	140,050	111,974
Technology Commercialization	41,629	46,326	41,223
Policy and Planning	6,246	5,666	5,207
	2,929,475	3,071,728	2,381,411
Statutory			
Alberta Heritage Scholarships	26,452	25,883	24,921
Alberta Centennial Education Savings Plan	19,500	13,219	7,723
Valuation Adjustments			
Provision for Future Cost of Student Loans Issued	42,300	32,716	15,671
Valuation Adjustments and Other Provisions	5	243	541
	88,257	72,061	48,856
Total Voted and Statutory Expense	3,017,732	3,143,789	2,430,267
Net Operating Result	$ (2,482,995)	$ (2,613,080)	$ (2,051,019)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

as at March 31, 2008

(in thousands)	2008	2007
Assets		
Cash	$ 4,858	$ 5,830
Accounts Receivable (Note 3)	36,439	14,934
Loans Receivable (Note 4)	220,621	188,172
Tangible Capital Assets (Note 5)	22,028	21,543
	$ 283,946	$ 230,479
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	$ 179,015	$ 126,337
Unearned Revenue (Note 7)	19,557	52,346
Deferred Contributions	—	817
	198,572	179,500
Net Assets		
Net Assets at Beginning of Year	50,979	115,076
Net Operating Results	(2,613,080)	(2,051,019)
Net Financing Provided from General Revenues	2,647,475	1,986,922
Net Assets at End of Year	85,374	50,979
	$ 283,946	$ 230,479

The accompanying notes and schedules are part of these financial statements.

Department of Advanced Education and Technology

Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Operating Transactions		
Net Operating Result	$(2,613,080)	$(2,051,019)
Non-cash Items included in Net Operating Results		
Amortization	2,462	2,103
Provision for Future Cost of Student Loans Issued	32,716	15,671
Valuation Adjustments and Other Provisions	243	541
	(2,577,659)	(2,032,704)
Increase in Accounts Receivable	(21,505)	(1,743)
Increase in Accounts Payable and Accrued Liabilities	54,865	55,086
(Decrease) Increase in Unearned Revenue	(32,789)	51,340
(Decrease) Increase in Deferred Contributions	(817)	120
Cash Applied to Operating Transactions	(2,577,905)	(1,927,901)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,747)	(5,053)
Capital Assets Transferred to Other Ministries	800	1,136
Cash Applied to Capital Transactions	(2,947)	(3,917)
Investing Transactions		
Net Change in Loans Receivable	(67,595)	(53,590)
Cash Applied to Investing Transactions	(67,595)	(53,590)
Financing Transactions		
Net Financing Provided from General Revenues	2,647,475	1,986,922
Cash Provided by Financing Transactions	2,647,475	1,986,922
(Decrease) Increase in Cash	(972)	1,514
Cash and Cash Equivalents, Beginning of Year	5,830	4,316
Cash and Cash Equivalents, End of Year	$ 4,858	$ 5,830

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2008

Note 1

Authority and Purpose

The Department of Advanced Education and Technology operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000.

In support of Alberta's vision, Advanced Education and Technology's purpose is to assist Alberta to be a learning and innovative society.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Advanced Education and Technology, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. Other entities reporting to the Minister are the Access to the Future Fund, the Alberta Research Council Inc. and the iCORE Inc. Entities accountable to the Minister are the Public Post-Secondary Institutions (universities, technical institutes, public colleges and the Banff Centre). The activities of iCORE Inc., Alberta Research Council Inc., Access to the Future Fund and the Public Post-Secondary Institutions are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments relating to Canada Social Transfer entitlements and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

In addition to program operating expenses such as salaries and supplies, directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances are used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to student loans and vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees, students and other individuals.

Loans receivable are recorded at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is variance between the recognized or disclosed amount and another reasonably possible amount.

The areas with measurement uncertainty are the allowance for loan relief completion payments amounting to $47,433 (2007 - $46,318), the allowance for impaired loans amounting to $26,464 (2007 - $25,510), the liability for student loans issued amounting to $2,841 (2007 - $5,422), the allowance for loan subsidy amounting to $5,283 (2007 - $0) and the Canada Social Transfers $337,325 (2007 - $175,105).

The Department has made certain estimates in the following areas:

- The number of students exceeding their maximum debt limit in determining the allowance for loan relief completion payments.
- Recovery and default rates in the determination of the allowance for impaired loans.
- Student loan amortization periods in the determination of the allowance for loan subsidy.
- Future interest, recovery and default rates in the determination of the liability for student loans.

In addition, the current Canada Social Transfer revenue is subject to adjustment as a result of updated personal and corporate tax information for prior years or from new entitlements with little historical experience.

Changes in these estimates could materially impact the allowance for loan relief completion payments, the allowance for impaired loans, the allowance for loan subsidy, the liability for student loans issued and the Canada Social Transfers.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities and unearned revenue are estimated to approximate their carrying values because of the short-term nature of these instruments.

The fair values of loans receivable and liabilities for student loans issued are not reported as there is no organized financial market for all of the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 3

Accounts Receivable

(in thousands)	2008	2007
Government of Canada	$ 32,137	$ 12,562
Accrued Interest Receivable on Loans	931	1,253
Other	3,371	1,119
	$ 36,439	$ 14,934

Accounts receivable are unsecured and non-interest bearing.

Note 4

Loans Receivable

(in thousands)	2008	2007
Loans Receivable	$ 299,801	$ 260,000
Less:		
Allowance for Loan Relief Completion Payments	(47,433)	(46,318)
Allowance for Impaired Loans	(26,464)	(25,510)
Allowance for Loan Subsidy	(5,283)	—
	$ 220,621	$ 188,172

Effective August 2001, under the terms of the Alberta Student Loan Program, loans are provided by the Department to qualifying students at interest rates prescribed by the Minister of Advanced Education and Technology.

Loans receivable are stated at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Loans become payable and interest is earned when students discontinue their studies or graduate. When loans receivable are classified as impaired, interest ceases to accrue. Loans are unsecured and are repayable to a maximum term of 114 months.

Loan relief completion payments on Alberta Student Loans are available to students who complete their studies and have assumed a total combined indebtedness of Canada and Alberta Student Loans exceeding established debt limits.

The allowance for impaired loans is a general provision that estimates the amount of loans receivable that will be impaired. The key assumptions used to determine this provision are default and recovery rates.

Loans receivable are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest, or
- the borrower has failed to make payments for a period of 150 days, or
- interest is owing to the Province for a period of 180 days.

Prior to March 31, 2008, loans bore interest at either a fixed rate of prime plus 5% or floating rate based on prime plus 2.5%. Effective April 1, 2008, the interest rates on student loans will be reduced to a floating rate of prime or a fixed rate of prime plus 2%. The change will apply to all outstanding loans and will result in the province receiving interest payments over the term of the loans that do not fully cover the Government's cost of financing the loan portfolio. The allowance for loan subsidy is a provision that reflects the future benefit provided to students as a result of the favourable loan terms. Changes in future year estimates are expensed and are amortized over the estimated life of the student repayment period.

Note 5

Tangible Capital Assets

(in thousands)	2008 Equipment (a)	2008 Computer Hardware and Software	2008 Total	2007 Total
Estimated Useful Life	5-10 years	3-10 years		
Historical Cost (b)				
Beginning of year	$ 102	$ 29,272	$ 29,374	$ 25,457
Additions	826	2,921	3,747	5,053
Transfers to Alberta Government Departments and Agencies	(800)	—	(800)	(1,136)
	128	32,193	32,321	29,374
Accumulated Amortization				
Beginning of year	27	7,804	7,831	5,728
Amortization expense	18	2,444	2,462	2,103
	45	10,248	10,293	7,831
Net Book Value at March 31, 2008	$ 83	$ 21,945	$ 22,028	
Net Book Value at March 31, 2007	$ 75	$ 21,468		$ 21,543

(a) Equipment includes office equipment.

(b) Historical cost included work-in-progress at March 31, 2008 totaling $12,008 (2007 - $15,103) comprised of computer software development projects.

Note 6

Accounts Payable and Accrued Liabilities

(in thousands)	2008	2007
Accounts Payable	$ 89,432	$ 35,236
Accrued Liabilities		
Vacation	4,755	4,533
Other	19,606	14,397
Liabilities for Student Loans Issued (a)	2,841	5,422
Advances from Government of Canada	62,381	66,749
	$ 179,015	$ 126,337

(a) Prior to August 2001, financial institutions issued loans under guaranteed and non-guaranteed risk share initiatives to Alberta students. These student loans result in a liability to the government for loan relief completion payments, interest, guarantees and risk premium.

Note 7

Unearned Revenue

(in thousands)	2008	2007
Federal Post-Secondary Education Infrastructure Trust	$ 19,008	$ 50,731
Other	549	1,615
	$ 19,557	$ 52,346

Note 8

Contractual Obligations

(in thousands)	2008	2007
Service Contracts	$ 4,982	$ 13,365
Capital and Operating Grants	1,206,686	832,062
Uncashed Student Loans	3,437	3,073
Computer Systems Development	1,110	11,422
	$ 1,216,215	$ 859,922

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

(in thousands)	Service Contracts	Capital & Operating Grants	Uncashed Student Loans	Computer Systems Development	Total
2009	$ 4,468	$ 664,615	$ 3,437	$ 1,104	$ 673,624
2010	479	301,664	—	6	302,149
2011	35	169,887	—	—	169,922
2012	—	70,446	—	—	70,446
2013	—	74	—	—	74
Thereafter	—	—	—	—	—
	$ 4,982	$ 1,206,686	$ 3,437	$ 1,110	$ 1,216,215

Note 9

Contingent Liabilities

(in thousands)

At March 31, 2008, the Department of Advanced Education and Technology is a defendant in two legal claims (2007 - two legal claims). These claims have specified amounts totaling $51,200 (2007 - $51,200). The resulting loss, if any, from these claims cannot be determined.

Note 10

Payments Under Agreement

(in thousands)

The Department has entered into agreements to deliver programs that are fully funded by the Government of Canada. Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, section 25. Accounts receivable includes $28,606 (2007 - $8,851) and accounts payable and accrued liabilities includes $4,213 (2007 - $4,524) relating to payments under agreement.

Amounts paid and payable under agreements on behalf of the Government of Canada:

(in thousands)	2008	2007
Canadian Millennium Scholarship Foundation		
Canadian Millennium Scholarships	$ 21,745	$ 27,203
Government of Canada		
Canada Study Grants	6,747	7,309
Canada Access Grants	4,291	4,455
French Minority Language Education and French Second Language Instruction	3,937	5,813
	$ 36,720	$ 44,780

Note 11

Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,436 for the year ended March 31, 2008 (2007 - $3,864).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 - $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 surplus - $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 - $3,698).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 surplus - $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 - $10,148). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 12

Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 13

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Financial Statements

for the year ended March 31, 2008

Schedule 1

Revenues

	2008		2007
(in thousands)	Budget	Actual	Actual
Internal Government Transfers			
Alberta Heritage Scholarship Fund	$ 26,452	$ 25,883	$ 24,921
Lottery Fund	104,043	104,043	103,957
	130,495	129,926	128,878
Transfers from Government of Canada			
Canada Social Transfers	338,305	337,325	175,105
Canada Student Loans Administration	1,775	2,213	1,101
Post-Secondary Education Infrastructure Trust	35,000	31,723	50,577
Other	8,226	7,279	5,401
	383,306	378,540	232,184
Investment Income			
Interest on Student Loans Issued	9,800	8,820	7,858
	9,800	8,820	7,858
Premiums, Fees and Licenses			
Marketing Apprenticeship	8,000	7,529	6,530
Trade School License Fee	160	164	158
Other	—	14	56
	8,160	7,707	6,744
Other Revenue			
Refunds of Expenditure	—	4,774	3,438
Miscellaneous	2,976	942	146
	2,976	5,716	3,584
	$ 534,737	$ 530,709	$ 379,248

Schedule 2

Dedicated Revenue Initiatives

(in thousands)	2008 Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) / Excess
Support to Post-Secondary Learners (a)			
Program Delivery Support	$ 2,025	$ 2,213	$ 188
Apprenticeship Delivery (b)			
Marketing Apprenticeship	8,000	7,529	(471)
Research and Innovation Capacity (c)			
Energy Research	838	347	(491)
Life Sciences Research	488	250	(238)
	$ 11,351	$ 10,339	$ (1,012)

The revenue of each dedicated revenue initiative is included in the Department's revenue.

(a) The dedicated revenues for program delivery support are amounts received from the Government of Canada and the Canadian Millennium Scholarship Foundation (CMSF) to administer the Canada Student Loans, Grants and the Canadian Millennium Scholarship Foundation bursary program.

(b) Marketing Apprenticeship includes providing certain services in designated trades and occupations, including: assessment of competencies in designated occupations; the assessment of individuals' prior work experience, knowledge and skills in a designated trade or occupation (Qualification Certificate Program); and application/record books, prior learning assessments, replacement of certificates in designated trades. It also includes expertise in training and certification programs to other countries; providing consulting services with respect to training and certification to other countries and jurisdictions: and providing apprenticeship seats in Alberta's institution on a cost recovery basis for Yukon, Northwest Territories and Nunavut apprentices.

(c) The Department receives reimbursements from the Government of Canada for research grants approved under the Western Economic Partnership Agreement.

Schedule 3

Expenses - Directly Incurred Detailed by Object

(in thousands)	2008 Budget	Actual	2007 Actual
Voted			
Salaries, Wages and Employee Benefits	$ 52,618	$ 50,952	$ 45,129
Supplies and Services	59,006	50,750	44,079
Grants	2,812,349	2,969,253	2,291,697
Other	171	167	188
Amortization of Capital Assets	5,331	2,462	2,103
Total Voted Expenses before Recoveries	2,929,475	3,073,584	2,383,196
Less			
Recoveries from Support Service Arrangements with Related Parties (a)	—	(1,856)	(1,785)
	$ 2,929,475	$ 3,071,728	$ 2,381,411
Statutory			
Grants	$ 45,952	$ 39,102	$ 32,644
Valuation Adjustments			
Provision for Future Cost of Student Loans Issued	42,300	32,716	15,671
Valuation Adjustments and Other Provisions	5	243	541
	$ 88,257	$ 72,061	$ 48,856

(a) The department provides information technology support services to the Department of Employment, Immigration and Industry $1,856 (2007 - $1,785). Costs for these services are recovered from that department.

Schedule 4

Budget

(in thousands)	Estimates (a)	Adjustments (b)	2008 Budget	Authorized Supplementary (c)	Authorized Budget
Revenues					
Internal Government Transfers	$ 130,495	$ —	$ 130,495	$ —	$ 130,495
Transfers from Government of Canada	383,306	—	383,306	—	383,306
Investment Income	9,800	—	9,800	—	9,800
Premiums, Fees and Licenses	8,160	—	8,160	—	8,160
Other Revenue	2,976	—	2,976	—	2,976
	534,737	—	534,737	—	534,737
Expenses - Directly Incurred					
Voted Operating Expenses					
Ministry Support Services	19,179	—	19,179	—	19,179
Support for Adult Learning	1,807,913	—	1,807,913	4,000	1,811,913
Support to Post-Secondary Learners	120,506	—	120,506	—	120,506
Post-Secondary Facilities Infrastructure	759,296	—	759,296	141,100	900,396
Apprenticeship Delivery	30,746	—	30,746	—	30,746
Research and Innovation Capacity	143,960	—	143,960	—	143,960
Technology Commercialization	41,629	—	41,629	—	41,629
Policy and Planning	6,246	—	6,246	—	6,246
Dedicated Revenue Shortfall (Schedule 2)	—	(1,012)	(1,012)	—	(1,012)
	2,929,475	(1,012)	2,928,463	145,100	3,073,563
Statutory					
Provision for Future Cost of Student Loans Issued	42,300	—	42,300	—	42,300
Alberta Heritage Scholarships	26,452	—	26,452	—	26,452
Alberta Centennial Education Savings Plan	19,500	—	19,500	—	19,500
Valuation Adjustments and Other Provisions	5	—	5	—	5
Total Expenses	3,017,732	(1,012)	3,016,720	145,100	3,161,820
Net Operating Results	$(2,482,995)	$ 1,012	$(2,481,983)	$ (145,100)	$(2,627,083)
Equipment and Inventory Purchases (EIP)	$ 4,647	$ —	$ 4,647	$ —	$ 4,647
Non-Budgetary Disbursements	$ 118,300	$ —	$ 118,300	$ —	$ 118,300

(a) Estimates have been restated to reflect the following transfers from Alberta Infrastructure:

- $15.967 million transfer of appropriation for emerging capital purposes, and
- $0.1 million transfer per Order in Council (70/2008).

(b) Adjustments were authorized by Treasury Board under sections 5(1)(a) and 5(4)(a) of the *Appropriation Act 2007*.

(c) Supplementary estimates were approved on November 21, 2007. Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act (for dedicated revenue initiatives).

Department of Advanced Education and Technology

Schedule 5

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

(in thousands)	2007-08 Estimates (a)	Adjustments (b)	Authorized Supplementary (c)	2007-08 Authorized Budget	2007-08 Actual Expense (d)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/Inventory Purchases						
1 Ministry Support Services						
1.1 Minister's Office	$ 492	$ —	$ —	$ 492	$ 488	$ 4
1.2 Deputy Minister's Office	632	—	—	632	684	(52)
1.3 Communications	1,142	—	—	1,142	806	336
1.4 Strategic Corporate Services						
• Operating Expense	14,279	—	—	14,279	14,773	(494)
• Equipment/Inventory Purchases	1,217	—	—	1,217	943	274
1.5 Corporate Costs	2,634	—	—	2,634	1,757	877
Sub-Total	20,396	—	—	20,396	19,451	945
2 Support to Adult Learning						
2.1 Program Delivery Support	9,051	—	—	9,051	9,333	(282)
2.2 Universities	823,170	—	—	823,170	846,502	(23,332)
2.3 Public Colleges	405,672	—	—	405,672	419,912	(14,240)
2.4 Technical Institutes	233,704	—	—	233,704	240,575	(6,871)
2.5 Banff Centre	13,616	—	—	13,616	13,615	1
2.6 Private University Colleges	19,116	—	—	19,116	19,303	(187)
2.7 Inter-Jurisdiction Programs	6,574	—	—	6,574	6,966	(392)
2.8 Community Education						
• Expense	4,173	—	—	4,173	5,337	(1,164)
• Expense funded by Lotteries	15,600	—	—	15,600	15,600	—
2.9 Enrolment Planning Envelope	215,433	—	—	215,433	196,322	19,111
2.10 Performance Envelope	13,000	—	—	13,000	13,011	(11)
2.11 Other Program Support						
• Expense	46,504	—	4,000	50,504	46,840	3,664
• Expense funded by Lotteries	2,300	—	—	2,300	2,300	—
Sub-Total	1,807,913	—	4,000	1,811,913	1,835,616	(23,703)
3 Support to Post-Secondary Learners						
3.1 Program Delivery Support						
• Operating Expense	23,361	—	—	23,361	18,627	4,734
• Equipment/Inventory Purchases	3,000	—	—	3,000	1,679	1,321
3.2 Achievement Scholarships						
• Expense	27,900	—	—	27,900	25,481	2,419
• Expense funded by Lotteries	3,100	—	—	3,100	3,100	—
3.3 Bursaries and Grants	37,100	—	—	37,100	26,964	10,136
3.4 Student Loan Relief Benefit	29,045	—	—	29,045	19,466	9,579
Sub-Total	123,506	—	—	123,506	95,317	28,189
4 Post-Secondary Facilities Infrastructure						
4.1 Post-Secondary Facilities Infrastructure						
• Expense	743,296	—	141,100	884,396	884,384	12
• Expense funded by Lotteries	16,000	—	—	16,000	16,000	—
Sub-Total	759,296	—	141,100	900,396	900,384	12

Schedule 5

Comparison of Directly Incurred Expenses, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget (continued)

(in thousands)	2007-08 Estimates (a)	Adjustments (b)	Authorized Supplementary (c)	2007-08 Authorized Budget	2007-08 Actual Expense (d)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/Inventory Purchases						
5 Apprenticeship Delivery						
5.1 Apprenticeship Delivery Support						
• Operating Expense	22,746	—	—	22,746	24,015	(1,269)
• Equipment/Inventory Purchases	430	—	—	430	325	105
5.2 Marketing Apprenticeship	8,000	—	—	8,000	7,525	475
Sub-Total	31,176	—	—	31,176	31,865	(689)
6 Research and Innovation Capacity						
6.1 Program Delivery Support						
• Operating Expense	7,141	—	—	7,141	6,626	515
• Equipment/Inventory Purchases	—	—	—	—	800	(800)
6.2 Research Capacity						
• Expense	1,800	—	—	1,800	605	1,195
• Expense funded by Lotteries	28,400	—	—	28,400	24,705	3,695
6.3 Innovation and Service Excellence Program	—	—	—	—	5,729	(5,729)
6.4 Energy Research						
• Expense	39,538	—	—	39,538	31,686	7,852
• Expense funded by Lotteries	15,200	—	—	15,200	18,895	(3,695)
6.5 Life Sciences Research						
• Expense	25,488	—	—	25,488	24,586	902
• Expense funded by Lotteries	11,985	—	—	11,985	11,985	—
6.6 Information and Communications Technology Research						
• Expense	2,950	—	—	2,950	3,775	(825)
• Expense funded by Lotteries	11,458	—	—	11,458	11,458	—
Sub-Total	143,960	—	—	143,960	140,850	3,110
7 Technology Commercialization						
7.1 Program Delivery Support	3,487	—	—	3,487	3,629	(142)
7.2 Technology Commercialization Initiatives	9,475	—	—	9,475	13,995	(4,520)
7.3 Transfer to Alberta Research Council	28,667	—	—	28,667	28,702	(35)
Sub-Total	41,629	—	—	41,629	46,326	(4,697)
8 Policy and Planning						
8.1 Policy and Planning	6,246	—	—	6,246	5,666	580
Sub-Total	6,246	—	—	6,246	5,666	580
	2,934,122	—	145,100	3,079,222	3,075,475	3,747
Dedicated Revenue Shortfall (Schedule 2)	—	(1,012)	—	(1,012)	—	(1,012)
Total Voted Expenses	**$ 2,934,122**	**$ (1,012)**	**$ 145,100**	**$ 3,078,210**	**$ 3,075,475**	**$ 2,735**
Operating Expenses	$ 2,825,432	$ (1,012)	$ 145,100	$ 2,969,520	$ 2,967,685	$ 1,835
Operating Expenses Funded by Lotteries	104,043	—	—	104,043	104,043	—
Equipment/Inventory Purchases	4,647	—	—	4,647	3,747	900
Total Voted Expenses	**$ 2,934,122**	**$ (1,012)**	**$ 145,100**	**$ 3,078,210**	**$ 3,075,475**	**$ 2,735**

Schedule 5

Comparison of Directly Incurred Expenses, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget (continued)

(in thousands)	2007-08 Estimates [a]	Adjustments [b]	Authorized Supplementary [c]	2007-08 Authorized Budget	2007-08 Actual Expense [d]	Unexpended (Over-expended)
Statutory Expenses						
Provision for Future Cost of Student Loans Issued	$ 42,300	$ —	$ —	$ 42,300	$ 32,716	$ 9,584
Alberta Heritage Scholarships	26,452	—	—	26,452	25,883	569
Alberta Centennial Education Savings Plan	19,500	—	—	19,500	13,219	6,281
Valuation Adjustments and Other Provisions	5	—	—	5	243	(238)
Total Statutory Expenses	**$ 88,257**	**$ —**	**$ —**	**$ 88,257**	**$ 72,061**	**$ 16,196**
Non-Budgetary Disbursements by Program						
3 Support to Post-Secondary Learners						
Cost of Student Loans Issued:						
3.5 Student Loans Servicing Cost	$ 1,700	$ —	$ —	$ 1,700	$ 1,477	$ 223
3.6 Student Loan Relief - Completion Payments	600	—	—	600	65	535
3.7 Student Loan Disbursements	116,000	—	—	116,000	101,469	14,531
Total Non-Budgetary Disbursements	**$ 118,300**	**$ —**	**$ —**	**$ 118,300**	**$ 103,011**	**$ 15,289**

(a) Estimates have been restated to reflect the following transfers from Alberta Infrastructure:

- $15.967 million transfer of appropriation for emerging capital purposes, and
- $0.1 million transfer per Order in Council (70/2008).

(b) Adjustments were authorized by Treasury Board under sections 5(1)(a) and 5(4)(a) of the *Appropriation Act 2007*. Funding was transferred from Infrastructure and Transportation for capital purchases and planning.

(c) Supplementary estimates were approved on November 21, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for dedicated revenue initiatives).

(d) Includes achievement bonuses of $1.591 million.

Schedule 6

Salary and Benefits Disclosure

	2008				2007
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Deputy Minister (4) (5)	$ 230,520	$ 39,500	$ 56,869	$ 326,889	$ 294,890
Executives					
Adult Learning	164,736	27,034	40,699	232,469	231,702
Apprenticeship and Industry Training	164,736	27,034	42,022	233,792	219,473
Research (6)	164,736	24,563	41,954	231,253	221,047
Policy and Planning	164,736	29,505	42,045	236,286	213,944
Technology Commercialization (7)	161,832	37,159	41,841	240,832	215,816
Senior Financial Officer (8)	124,624	19,283	32,937	176,844	201,475
Human Resources Director	101,592	17,247	27,292	146,131	129,152

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payouts, overtime, and lunp sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retiement plan, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums (estimated), learning account items, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Other cash benefits include a vacation payout of nil (2007 - $15,785).

(6) Other cash benefits include a vacation payout of nil (2007 - $2,425).

(7) Other cash benefits include a vacation payout of $13,003 (2007 - $6,685).

(8) Position occupied by two individuals during the prior year.

Schedule 7

Related Party Transactions

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties which are recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities Outside the Ministry	
(in thousands)	2008	2007	2008	2007
Revenues				
Grants	$ —	$ —	$ 129,926	$ 128,878
Other	1,735	929	—	—
	$ 1,735	$ 929	$ 129,926	$ 128,878
Expenses - Directly Incurred				
Grants	$ 2,743,566	$ 2,115,422	$ 1,661	$ 4,668
Other Services	801	579	5,462	5,623
	$ 2,744,367	$ 2,116,001	$ 7,123	$ 10,291
Tangible Capital Assets Transferred	$ —	$ —	$ 800	$ 1,136
Receivables from	$ 1,694	$ 5	$ —	$ 8
Payables to	$ 95,848	$ 28,992	$ 264	$ 182

The above transactions do not include support service arrangement transactions disclosed in Schedule 8.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation and Legal expenses incurred by others are disclosed in Schedule 8.

	Other Entities Outside the Ministry	
(in thousands)	2008	2007
Expenses - Incurred by Others		
Accommodation	$ 9,722	$ 7,193
Shared Services	2,844	2,810
Legal	344	220
Air Transportation Services / Executive Vehicle	123	86
Internal Audit	77	—
	$ 13,110	$ 10,309

Schedule 8

Allocated Costs

(in thousands)	2008						2007
		Expenses - Incurred by Others		Valuation Adjustments (4)			
	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Provision for Future Cost of Student Loans Issued	Vacation Pay and Other Provisions	Total Expenses	Total Expenses
Program							
Ministry Support Services	$ 18,508	$ 1,514	$ 43	$ —	$ 36	$ 20,101	$ 17,645
Support for Adult Learning	1,835,616	1,110	7	—	26	1,836,759	1,708,432
Support to Post-Secondary Learners	132,740	1,934	—	32,716	59	167,449	129,095
Post-Secondary Facilities Infrastructure	900,384	—	—	—	—	900,384	395,441
Apprenticeship Delivery	31,540	3,448	32	—	81	35,101	27,302
Research and Innovation Capacity	140,050	673	152	—	16	140,891	112,584
Technology Commercialization	46,326	387	3	—	9	46,725	41,555
Policy and Planning	5,666	656	107	—	16	6,445	5,626
Total Expense	$ 3,110,830	$ 9,722	$ 344	$ 32,716	$ 243	$ 3,153,855	$ 2,437,680

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments. Support to Post-Secondary Learners includes Alberta Heritage Scholarships and Alberta Centennial Education Savings Plan (ACES).

(2) Costs shown for Accommodation on Schedule 7 are allocated based on proportion of full-time-equivalent staff.

(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations:

- Vacation Pay - allocated to program based on proportion of full-time-equivalent staff.
- Other Provisions - allocation to program.
- Provision for Future Cost of Student Loans Issued - allocated to Support for Post-Secondary Learners.

Access to the Future Fund

Financial Statements

March 31, 2008

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Schedule 2 *Innovation Fund - Projects*

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Advanced Education and Technology

I have audited the statement of financial position of the Access to the Future Fund as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
May 16, 2008

Statement of Operations

for the year ended March 31, 2008

(in thousands)	2008 Budget	2008 Actual	2007 Actual
Revenue			
Internal Government Transfers			
Transfer from Department of Finance	$ 45,506	$ 45,709	$ 39,560
Investment Income			
Interest	350	1,532	1,520
Total Revenue	45,856	47,241	41,080
Expense			
Program			
Access to the Future Fund (Schedule 1 and 2)	52,279	50,391	42,503
Program Delivery Support	450	183	—
Total Expenses	52,729	50,574	42,503
Net Operating Results	$ (6,873)	$ (3,333)	$ (1,423)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

as at March 31, 2008

(in thousands)	2008	2007
Assets		
Cash (Note 4)	$ 32,733	$ 9,839
	$ 32,733	$ 9,839
Liabilities		
Accounts Payable and Accrued Liabilities	$ 26,227	$ —
	26,227	—
Net Assets		
Net Assets at Beginning of Year	9,839	11,262
Net Operating Results	(3,333)	(1,423)
Net Assets at End of Year	6,506	9,839
	$ 32,733	$ 9,839

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Operating Transactions		
Net Operating Results	$ (3,333)	$ (1,423)
Increase in Accounts Payable and Accrued Liabilities	26,227	—
Cash Generated from (Applied to) Operating Transactions	22,894	(1,423)
Increase (Decrease) in Cash	22,894	(1,423)
Cash, Beginning of Year	9,839	11,262
Cash, End of Year	$ 32,733	$ 9,839

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2008

Note 1

Authority and Purpose

The Access to the Future Fund (the Fund) operates under the authority of the *Access to the Future Act*.

The purpose of the Fund is to support innovation and excellence by enhancing and expanding opportunities for Albertans to participate in accessible, affordable and high-quality advanced education opportunities. The Fund has two programs:

- The Renaissance Fund provides matching payments to stimulate donations for post-secondary institutions and apprenticeship scholarships. Eligible recipients for the Renaissance Fund matching program are public post-secondary institutions, private university colleges, Aboriginal colleges and Alberta Apprenticeship and Industry Training Scholarships. Each year, eligible organizations are allocated a proportion of the total available funding and are provided the flexibility and autonomy to identify priority donations for matching.
- The Innovation Fund supports project-based initiatives aimed at increasing innovation, collaboration and participation within the advanced learning system.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Fund.

(a) Reporting Entity

The reporting entity is the Access to the Future Fund, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. The other entities reporting to the Minister are the Department of Advanced Education and Technology, the Alberta Research Council Inc. and iCORE Inc. Entities accountable to the Minister are the Public Post-Secondary Institutions (universities, technical institutes, public colleges and the Banff Centre). The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Assets

Financial assets of the Fund are limited to cash transferred or interest receivable from the General Revenue Fund of the Province of Alberta (General Revenue Fund).

Net Assets

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Note 3

Advanced Education Endowment

(in thousands)	2008	2007 (Restated)
Opening balance	$1,015,750	$ 750,000
Allocation to endowment	—	250,000
Inflation proofing	31,488	15,750
Closing balance	$1,047,238	$1,015,750

The Advanced Education Endowment (the Endowment) is an account witlin the Alberta Heritage Savings Trust Fund that was established by the *Access to the Future Act*. As per section 7 of the *Access t the Future Act*, an amount equal to 4.5% of the total amount allocated to the Endowment shall be paid annually from the Genral Revenue Fund to the Fund.

The Endowment is inflation-proofed in accordance with section 6 of the *Acess to the Future Act* and section 11 of the *Alberta Heritage Savings Trust Fund Act*. The amount of funding allocated to the Erdowment for inflation proofing is an estimate and the actual amount will not be known until after the finalization of the financiastatements. The inflation proofing amount for 2007 was reported at $11,250 in the 2007 financial statements and was revised o $15,750 after the statements were finalized.

Note 4

Cash

Cash for the Fund is deposited into the Consolidated Cash Investment Trus Fund (CCITF). The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining ppropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid term fixed-icome securities with a maximum term-to-maturity of three years. As at March 31, 2008, securities held by the CCITF have an aveage effective market yield of 4.52% per annum (2007 - 4.36% per annum).

Note 5

Related Party Transactions

Related parties are those entities consolidated or accounted for on a modied equity basis in the Province of Alberta's financial statements. Related parties also include the Department.

The Fund had the following transactions with related parties recorded on te Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between th related parties.

	Entities in the Ministry		Oter Entities	
(in thousands)	2008	2007	2008	2007
Revenues				
Transfer from Department of Finance	$ —	$ —	$ 45,[illegible]9	$ 39,560
	$ —	$ —	$ 45,[illegible]9	$ 39,560
Expense - Directly Incurred				
Grants	$ 44,166	$ 40,146	$ 35	$ —
Program Delivery Support	183	—	—	—
	$ 44,349	$ 40,146	$ 35	$ —
Payable to	$ 20,602	$ —	$ 35	$ —

Note 6

Commitments

Grants totaling $0 (2007 - $16,500) have met eligibility criteria and will be ahorized for payment as monies are approved from the Fund.

Note 7

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer andie Deputy Minister.

Schedule to the Financial Statements

for the year ended March 31, 2008

Schedule 1

Renaissance Fund - Funding Provided to Eligible Recipients

(in thousands)	2008	2007
Public Post-Secondary Institutions		
Alberta College of Art and Design	$ 671	$ 821
Athabasca University	1,200	1,200
Bow Valley College	1,200	1,200
Grande Prairie Regional College	1,346	925
Grant MacEwan College	3,000	3,000
Keyano College	1,200	1,200
Lakeland College	788	970
Lethbridge College	1,200	1,200
Medicine Hat College	1,200	1,200
Mount Royal College	3,000	3,000
NorQuest College	1,200	1,200
Northern Alberta Institute of Technology	3,000	3,000
Northern Lakes College	293	962
Olds College	1,200	1,200
Portage College	632	668
Red Deer College	1,200	1,200
Southern Alberta Institute of Technology	3,000	3,000
The Banff Centre for Continuing Education	1,200	1,200
The University of Alberta	5,000	5,000
The University of Calgary	5,000	5,000
The University of Lethbridge	3,000	3,000
	39,530	40,146
Accredited Private Not-for-Profit Post-Secondary Institutions		
Alliance University College	—	171
Ambrose University College	200	—
Canadian Nazarene University College	—	171
Canadian University College	200	171
Concordia University College of Alberta	200	171
St. Mary's University College	200	171
Taylor University College	200	171
The King's University College	200	171
	1,200	1,197
First Nations, Métis and Inuit Colleges		
Blue Quills First Nations College	—	200
Maskwachees Cultural College	242	160
Nechi Training, Research and Health Promotions Institute	200	200
Old Sun Community College	200	200
Red Crow Community College	200	200
Yellowhead Tribal College	200	200
	1,042	1,160
AIT Scholarships		
Alberta Heritage Scholarship Fund	725	—
	725	—
Total	$ 42,497	$ 42,503

Schedule 2

Innovation Fund - Projects (a)

(in thousands)	2008
Alberta Nonprofit/Voluntary Sector Community Capacity Innovation Project	$ 2,000
Enhancing Collaboration and Improving the Learning Environment	1,660
Interdisciplinary Health Sciences Education	935
Secondary to Post-Secondary Career Technology and Trades Skills	655
Nechi Program Recognition Project	498
Best Practices for Attracting and Retaining Learners from Under-Represented Populations	327
Text to Speech Technology	293
Curriculum Commons Model for Post-Secondary Institutions	241
Collaborative Clinical Instructional Model for Baccalaureate Nursing Education	237
Childcare Training for Low Literacy Immigrant Women	233
Transitioning Rural Learners	205
Prior Learning Assessment and Recognition (PLAR)	200
Clinical Skills Development Model and Technology Framework	181
Practical Nursing Education in Rural Settings	146
Health Care Aide Curriculum Enhancements	83
Total	**$ 7,894**

(a) 2008 was the first year of operation for the Innovation Fund.

Alberta Research Council Inc.

Consolidated Financial Statements

March 31, 2008

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Schedule 1 *Consolidated Schedule of Allocated Costs*

2 *Schedule of Segmented Information*

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors of the Alberta Research Council Inc.

I have audited the consolidated balance sheet of the Alberta Research Council Inc. as at March 31, 2008 and the consolidated statements of revenue and expense and operating equity and cash flows for the year then ended. These financial statements are the responsibility of the Alberta Research Council Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Alberta Research Council Inc. as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
May 15, 2008

Consolidated Balance Sheet

as at March 31, 2008

(in thousands)	2008	2007
Assets		
Current:		
Cash (Note 3)	$ 12,905	$ 12,140
Accounts receivable (Notes 4 and 7)	12,759	13,226
Accrued income receivable (Note 7)	5,399	3,428
Prepaid expenses	441	364
	31,504	29,158
Long-term:		
Property, plant and equipment (Note 6)	25,311	20,235
	$ 56,815	$ 49,393
Liabilities and Equity		
Current:		
Accounts payable and accrued liabilities (Note 7)	$ 17,069	$ 17,566
Unearned contract revenue (Note 7)	10,799	8,218
Restricted contribution (Note 5)	1,435	—
	29,303	25,784
Contingencies (Note 8)		
Commitments (Note 9)		
Equity:		
Operating	27,512	23,609
	$ 56,815	$ 49,393

The accompanying notes and schedules are an integral part of these financial statements.

Approved by the Board of Directors

original signed by	*original signed by*
James Carter Director	Annette Trimbee Director

Consolidated Statement of Revenue and Expense and Operating Equity

for the year ended March 31, 2008

(in thousands)	2008 Budget (Note 14)	 Actual (Schedules 1 & 2)	2007 Actual
Revenue			
Investment from the Province of Alberta:			
General revenues (Note 7)	$ 28,500	$ 28,702	$ 28,350
Contract revenue:			
Commercial	41,463	40,009	36,777
Alberta government departments and agencies (Note 7)	10,962	9,638	7,635
Royalties, licensing fees and product sales	3,498	3,623	2,793
Interest income	700	915	880
	85,123	82,887	76,435
Expense			
Salaries, wages and benefits (Notes 7, 11 and 12)	51,490	53,353	47,751
Professional, technical and labour services (Note 7)	11,376	9,864	9,249
Materials and supplies	6,760	4,658	4,295
Other expenses (Note 7)	2,720	2,289	2,169
Travel and hospitality	2,731	2,111	2,157
Amortization	2,750	2,100	1,680
Computing supplies and services	1,737	1,718	1,503
Legal and patent	1,026	933	898
Provision for impairment of equipment	—	552	47
Maintenance and rental	549	539	502
Telephone	516	489	448
Insurance (Note 7)	377	350	351
Loss/(gain) on sale of equipment	—	20	(33)
Royalty expense	9	8	90
Interest	—	—	4
	82,041	78,984	71,111
Net earnings for the year	3,082	3,903	5,324
Operating equity at beginning of year	23,609	23,609	18,285
Operating equity at end of year	$ 26,691	$ 27,512	$ 23,609

The accompanying notes and schedules are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Cash Provided by (Used in)		
Operating activities:		
Net earnings for the year	$ 3,903	$ 5,324
Amortization	2,100	1,680
Provision for impairment of equipment	552	47
Loss/(gain) on sale of equipment	20	(33)
	6,575	7,018
Net change in non-cash balances (Note 10)	503	3,329
Net cash provided by operating activities	7,078	10,347
Investing activities:		
Purchases of property, plant and equipment	(6,530)	(7,470)
Donated equipment (Note 5)	1,435	—
Donated equipment capitalized	(1,435)	—
Proceeds on disposal of property, plant and equipment	217	33
Net cash used by investing activities	(6,313)	(7,437)
Financing activities:		
Repayment of long-term debt	—	(273)
Increase in cash	765	2,637
Cash at beginning of year	12,140	9,503
Cash at end of year	$ 12,905	$ 12,140
Supplementary cash flow information:		
Interest paid	$ —	$ 4
Interest received	$ 915	$ 880

The accompanying notes and schedules are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2008

Note 1

Authority and Purpose

The Alberta Research Council Inc. is incorporated under the *Alberta Business Corporations Act* (Alberta).

The Alberta Research Council Inc. ("Research Council") is a subsidiary of the Ministry of Advanced Education and Technology of the Province of Alberta. The Ministry of Advanced Education and Technology and its wholly owned subsidiaries are exempt from the payment of income tax under Section 149 of the *Income Tax Act* (Canada).

The mission of the Research Council is to develop and help deploy innovative science and technology solutions for the benefit of Alberta.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent upon future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Research Council and its wholly owned subsidiary, C-FER Technologies (1999) Inc. All intercompany balances and transactions have been eliminated on consolidation.

(b) Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over their estimated useful lives using the following annual rates:

Building	Thirty years
Leasehold improvements	Twenty-five years
Equipment	Five to twenty years
Furniture and fixtures	Five years
Computer equipment and software	Three years

Contributed property, plant and equipment are recorded at fair value at the date of contribution.

(c) Patents and Other Intangible Assets

Expenses incurred related to patents owned by the Research Council as a result of research activity are not capitalized due to the uncertain value of benefits which may accrue to the Research Council.

Expenses incurred on the development of other intangible assets including intellectual capital are not capitalized as there currently is not an acceptable methodology for measuring the value of future benefits accruing to the Research Council.

(d) Revenue Recognition

General revenues received from the Province of Alberta are recognized as revenue in the year the transfers to the Research Council are authorized by the Government of Alberta.

Contract revenue is recognized as costs are incurred, up to the contract maximum and in accordance with contracted cost-sharing ratios. Revenue from C-FER contracts is recognized using the percentage of completion method. The Research Council makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Royalties and licensing fees are recognized as they accrue in accordance with the relevant agreements and when the amount can be reasonably estimated and there is reasonable assurance of collectability of proceeds.

Revenue from product sales is recognized when products are delivered.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

(e) Expenses Incurred by Others

Services contributed by other entities in support of the Research Council's operations have not been recorded in the financial statements and are disclosed in Schedule 1.

(f) Pension Plans

The Research Council participates in multi-employer pension plans with related government entities. Pension costs included in these financial statements are comprised of the cost of employer contributions for the current service of employees during the year and additional employer contributions for service relating to prior years.

(g) Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings. Fair value is generally determined using a discounted cash flow analysis.

Note 3

Cash

(in thousands)

Cash consists primarily of deposits in the Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta. The CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term securities with a maximum term to maturity under three years. Interest is earned on the daily cash balance at the average rate of earnings of the CCITF, which varies depending on prevailing market interest rates. The average rate of interest earned on cash balances in the year was 4.34% (2007 - 4.11%). Cash of $nil (2007 - $154) is held in trust for use in a Canadian International Development Agency ("CIDA") project.

Note 4

Accounts Receivable

(in thousands)

	2008	2007
Commercial	$ 11,584	$ 10,347
Alberta government departments and agencies (Note 7)	1,175	2,879
	$ 12,759	$ 13,226

Commercial accounts receivable are recorded net of $842 (2007 - $786) of allowance for doubtful accounts.

Note 5

Refiner

(in thousands)

During 2007-08, the Research Council received a donated laboratory refining system (refiner). The refiner has been recorded as property, plant and equipment at its estimated fair market value of $1,435.

Offsetting the charge to property, plant and equipment is a credit shown as restricted contribution (deferred revenue). The deferred revenue will be recognized as revenue in the future as the refiner is amortized. The amount of revenue recognized will be offset by the amount of amortization expense; therefore, the effect on net earnings will be zero.

The total estimated capitalized cost of the refiner will be $2,035 including installation and commissioning costs paid by the Research Council. The refiner will be operational during the 2008-09 fiscal year.

Note 6

Property, Plant and Equipment

(in thousands)

	2008			2007
	Cost	Accumulated Amortization	Net	Net
Land	$ 566	$ —	$ 566	$ 566
Building	2,179	642	1,537	1,567
Leasehold improvements	1,930	518	1,412	557
Equipment	44,573	25,106	19,467[1]	15,887
Furniture and fixtures	188	121	67	15
Computer equipment and software	3,723	1,461	2,262	1,643
	$ 53,159	$ 27,848	$ 25,311	$ 20,235

(1) The Research Council has entered into two agreements with Western Economic Diversification and received $776 toward the cost of equipment. This revenue is recognized into income through commercial revenue over the useful life of the assets. For the year ended March 31, 2008, the Research Council has recognized $61 (2007 - $8) of revenue of the total amount of $776.

Note 7

Related Party Transactions

(in thousands)

The following tables summarize the Research Council's related party transactions for the year:

Revenues

Related Party	Relationship	Transaction	2008	2007
Advanced Education and Technology	Ministry	Operating Grant	$ 28,702	$ 28,350
Advanced Education and Technology	Ministry	Contract Revenue	7,034	5,686
Agriculture and Rural Development	Ministry	Contract Revenue	662	263
Employment and Immigration	Ministry	Contract Revenue	220	—
Energy	Ministry	Contract Revenue	45	65
Environment	Ministry	Contract Revenue	1,449	1,402
Sustainable Resource Development	Ministry	Contract Revenue	102	125
Other ministries (1)	Ministry	Contract Revenue	126	94
			9,638	7,635
			$ 38,340	$ 35,985

Expenses

Related Party	Relationship	Transaction	2008	2007
Advanced Education and Technology	Ministry	IMAGIS System	$ —	$ 380
Energy	Ministry	Services	—	232
Finance and Enterprise	Ministry	Insurance	349	330
Infrastructure	Ministry	Parking	64	64
Other ministries (1)	Ministry	Miscellaneous	97	71
			$ 510	$ 1,077

(1) Other ministries include related party amounts less than $50.

Note 7

Related Party Transactions (continued)

(in thousands)

Included in accounts receivable are the following related party balances:

Related Party	Relationship	2008	2007
Agriculture and Rural Development	Ministry	$ 140	$ 38
Advanced Education and Technology	Ministry	745	2,505
Employment and Immigration	Ministry	60	—
Environment	Ministry	224	232
Sustainable Resource Development	Ministry	—	60
Other ministries	Ministry	6	44
		$ 1,175	$ 2,879

Included in accounts payable are the following related party balance:

Related Party	Relationship	2008	2007
Energy	Ministry	$ —	$ 210
Other ministries	Ministry	27	10
		$ 27	$ 220

Included in unearned contract revenue are the following related party balances:

Related Party	Relationship	2008	2007
Advanced Education and Technology	Ministry	$ 1,566	$ 1,231
Agriculture and Rural Development	Ministry	55	300
Environment	Ministry	290	226
International and Intergovernmental Relations	Ministry	50	50
Other ministries	Ministry	76	47
		$ 2,037	$ 1,854

Included in accrued income receivable is the following related party balances:

Related Party	Relationship	2008	2007
Advanced Education and Technology	Ministry	202	85
Environment	Ministry	117	—
Other ministries	Ministry	5	—
		$ 324	$ 85

Accommodation Costs

The premises occupied by the Research Council, as well as some office furniture and tenant improvements, have been provided by the Province of Alberta at no cost (see Schedule 1).

Note 8

Contingencies

(in thousands)

During fiscal 2000, the Research Council was made aware of a $2,200 claim relating to intellectual property ownership, which was filed by a former employee. Management believes that the claim is without merit; however, the likelihood of loss is not determinable at this time. Any settlement that may occur would be accounted for as a charge against earnings in the year of settlement.

Note 9

Commitments

Future minimum lease payments for office equipment and vehicles over the next three years and in total are as follows:

(in thousands)		
Year ending March 31, 2009	$	126
2010		63
2011		20
	$	209

Note 10

Net Change in Non-Cash Working Capital Balances

(in thousands)	2008	2007
Accounts receivable	$ 467	$ (1,315)
Accrued income receivable	(1,971)	(276)
Prepaid expenses	(77)	(80)
Accounts payable and accrued liabilities	(497)	4,344
Unearned contract revenue	2,581	656
	$ 503	$ 3,329

Note 11

Pension Plan

(in thousands)

The Research Council participates in three multi-employer pension plans, Management Employees Pension Plan, Supplementary Retirement Plan and Public Service Pension Plan, as well as a Defined Contribution Plan. The expense for these pension plans is equivalent to the annual contributions of $3,195 for the year ended March 31, 2008 (2007 - $2,663).

Note 12

Board of Directors and Senior Executive Salaries and Benefits

	2008				2007
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board (4)	$ —	$ 6,750	$ —	$ 6,750	$ —
Board Members	—	30,829	—	30,829	25,008
Chief Executive Officer	210,000	133,500	4,009	347,509	319,906
Executive / Vice Presidents					
Chief Financial Officer	155,004	41,904	37,590	234,498	185,308
Vice-President, Energy	160,008	52,221	38,125	250,354	196,859
Vice-President, Engineered Products and Services (5)	80,004	—	10,526	90,530	198,694
Vice-President, Communications and Public Affairs	141,671	20,297	36,148	198,116	148,922
Vice-President, Life Sciences	150,000	46,654	36,019	232,673	180,522

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, overtime, car allowance, payments made in lieu of benefits, lump sum payments and honoraria.

(3) Other non-cash benefits includes the employer's share of the cost of pension and Supplementary Retirement Plan, Canada Pension Plan, Employment Insurance, dental, major medical, basic life insurance, short and long-term disability, employee health care expense accounts and membership fees.

(4) The Chair of the Board was paid remuneration effective June 1, 2007 in accordance with a shareholder resolution. The Chair of the Board resigned effective February 4, 2008.

(5) The Vice-President, Engineered Products and Services position was vacant from April 1, 2007 to September 30, 2007.

Note 13

Financial Instruments

Financial instruments consist of cash, accounts receivable and accrued income receivable which will result in future cash receipts as well as accounts payable and accrued liabilities which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties, matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair values of accounts receivable, accrued income receivable, accounts payable and accrued liabilities approximate the carrying values due to their short-terms to maturity.

The Research Council is exposed to normal credit risk with respect to its commercial sales. However, this is minimized by the Research Council's program of credit evaluation of new customers. Provisions are maintained for potential credit losses, and any such losses to date have been within management's expectations. The Research Council is not exposed to significant credit risk from any one customer.

Note 14

Budget

The 2008 budget was approved by the Board of Directors on March 28, 2007.

Note 15

Comparative Figures

The comparative figures have been reclassified where necessary to conform with current year presentation.

Schedules to the Consolidated Financial Statements

for the year ended March 31, 2007

Schedule 1

Consolidated Schedule of Allocated Costs (1)

(in thousands)

for the year ended March 31, 2008

	2008			2007
		Expenses Incurred by Others		
(in thousands)	Expense (2)	Accommodation Costs (3)	Total Expenses	Total Expenses
Total Expense	$ 78,984	$ 18,862	$ 97,846	$ 87,753

(1) If these allocated costs were paid for by the Research Council, the Province's contribution to the Research Council would be increased by $18,862 making total revenue for 2008 $101,749. Net profit for 2008 would have remained at $3,903.

(2) Expenses as per Consolidated Statement of Revenue and Expense and Operating Equity.

(3) Accommodation costs, including premises occupied by the Research Council, as well as some office furniture and tenant improvements, have been provided by the Province of Alberta at no cost. The Province's costs to provide this support are as follows:

(in thousands)	2008	2007
Accommodation cost		
Building maintenance	$ 11,138	$ 9,259
Grants in lieu of taxes	2,186	2,053
Lease costs	2,143	2,012
Project expenses	357	404
Amortization	3,038	2,914
	$ 18,862	$ 16,642

Schedule 2

Schedule of Segmented Information

for the year ended March 31, 2008

The Research Council has four reportable segments: Energy, Engineered Products and Services, Life Sciences and Corporate/Commercialization. These segments represent the company's management structure and internal financial reporting.

The Research Council derives revenue through technology development, demonstration and deployment work, conducted within these units. Energy develops and helps industry deploy technologies that improve recovery and reduce the production costs for hydrocarbon, cleaner and alternative energy technologies. Engineered Products and Services develops and deploys value-added bio-based products and processes. Life Sciences helps capture the full commercial potential of new discoveries; bringing together industry, government and communities to create innovative science and technology solutions that enrich life with environmental, economic and social benefits.

Corporate/Commercialization includes general and administrative expenses that are not allocated to specific segments. Revenues include interest, royalty and other revenues that have not been allocated to specific segments.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 2. The Research Council evaluates performance based on operating surplus or deficit before extraordinary items and discontinued operations.

Financial information by reportable segment for the years ended March 31, 2008 and 2007 is as follows:

i) Operating results by operating segment

	2008					2007				
(in thousands)	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total
External revenue	$ 28,217	$ 7,980	$ 14,850	$ 3,138	$ 54,185	$ 26,351	$ 7,037	$ 11,904	$ 2,793	$ 48,085
Draw on Provincial Investment Funds	4,823	4,923	9,473	9,483	28,702	4,249	5,137	9,365	9,599	28,350
	$ 33,040	$ 12,903	$ 24,323	$ 12,621	$ 82,887	$ 30,600	$ 12,174	$ 21,269	$ 12,392	$ 76,435
Amortization of segment property, plant and equipment	$ 760	$ 360	$ 817	$ 163	$ 2,100	$ 596	$ 350	$ 611	$ 123	$ 1,680
Segment earnings (loss)	$ 4,475	$ 1,917	$ 2,713	$ (5,202)	$ 3,903	$ 4,246	$ 1,680	$ 2,582	$ (3,184)	$ 5,324

ii) Segment operating property, plant and equipment

	2008					2007				
(in thousands)	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total
Segment property, plant and equipment purchased during the year	$ 2,208	$ 1,223	$ 2,217	$ 882	$ 6,530	$ 2,456	$ 1,144	$ 2,405	$ 1,465	$ 7,470
Segment property, plant and equipment donated during the year	$ —	$ 1,435	$ —	$ —	$ 1,435	$ —	$ —	$ —	$ —	$ —
Total segment property, plant and equipment	$ 8,632	$ 6,554	$ 7,242	$ 2,883	$ 25,311	$ 7,727	$ 4,502	$ 5,842	$ 2,164	$ 20,235

Schedule 2

Schedule of Segmented Information (continued)

for the year ended March 31, 2008

C-FER Technologies (1999) Inc.

C-FER Technologies (1999) Inc. ("C-FER") is a wholly owned subsidiary of the Research Council and is included within the Energy Segment presented above. Separate financial statements are not provided for C-FER as its business is closely integrated with that of the Research Council and disclosure in these statements is considered adequate. The following aggregate amounts are included in these consolidated financial statements in respect of C-FER's financial position, results of operations and cash flows:

(in thousands)	2008	2007
Balance Sheet		
Current assets	$ 3,894	$ 3,347
Property, plant and equipment	3,789	3,398
Current liabilities	4,876	4,534
Statement of Operations		
Total revenue	$ 9,654	$ 8,928
Total expenses	9,058	8,342
Net earnings from operations	596	586
Statement of Cash Flows		
Cash provided by operating activities	$ 814	$ 1,550
Cash used in investing activities	(615)	(378)

iCORE Inc.

Financial Statements

for the year ended March 31, 2008

Audited Information

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedules to the Financial Statements

Schedule 1 *Board of Directors and Senior Executive Salaries and Benefits*

2 *Related Party Transactions*

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors of iCORE Inc.

I have audited the statement of financial position of the iCORE Inc. as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the iCORE Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of iCORE Inc. as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
April 25, 2008

Statement of Operations

for the year ended March 31, 2008

	2008		2007
(in thousands)	Budget	Actual	Actual
Revenues			
Internal Government Transfers (Schedule 2)	$ 11,458	$ 12,458	$ 10,795
Other Revenue	—	105	73
	11,458	12,563	10,868
Expenses - Directly Incurred			
Research Grants (Schedule 2)	9,995	11,216	9,531
Salaries and Benefits	728	784	691
Communications, Outreach and Projects	535	305	418
Supplies and Services	200	247	225
	11,458	12,552	10,865
Net Operating Results	$ —	$ 11	$ 3

The accompanying notes and schedules are part of these financial statements.

Approved by the Board of Directors

original signed by

Dr. Seamus O'Shea
Chair of the Board
iCORE Inc.

original signed by

Daniel Laplante
Chair of the Audit Committee
iCORE Inc.

Statement of Financial Position

as at March 31, 2008

(in thousands)	2008	2007
Current Assets		
Cash	$ 118	$ 123
Accounts Receivable	8	15
	126	138
Long-term Assets		
Prepaid Expenses	30	—
	$ 156	$ 138
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 115	$ 108
	115	108
Contractual Obligations (Note 3)		
Net Assets		
Net Assets at Beginning of Year	30	27
Net Operating Results	11	3
Net Assets at End of Year	41	30
	$ 156	$ 138

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Cash Provided by (Used in)		
Operating Transactions		
Net Operating Results	$ 11	$ 3
(Increase) Decrease in Accounts Receivable	7	(15)
(Increase) in Prepaid Expenses	(30)	—
Increase (Decrease) in Accounts Payable and Accrued Liabilities	7	29
Cash from Operating Transactions	(5)	17
(Decrease) Increase in Cash	(5)	17
Cash, Beginning of Year	123	106
Cash, End of Year	$ 118	$ 123

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

for the year ended March 31, 2008

Note 1

Authority and Purpose

iCORE Inc. is incorporated under the *Alberta Business Corporations Act* (Alberta).

iCORE Inc. is a subsidiary of the Ministry of Advanced Education and Technology of the Province of Alberta. The Ministry of Advanced Education and Technology and its wholly owned subsidiaries are exempt from the payment of income tax under Section 149 of the *Income Tax Act*.

The mandate of iCORE Inc. is to attract and grow a critical mass of outstanding researchers in the fields of computer science, electrical and computer engineering, physics, mathematics and other information and communications technology related disciplines. iCORE Inc. invests in the highest calibre research scientists and leaders who work on fundamental and applied problems in information and communications technology. It aims to fund iCORE Chairs at Alberta universities, around which world-class research teams will be developed.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The precise determination of many assets and liabilities is dependent on future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below which have been established by government for Provincial Corporations. All amounts are shown in Canadian dollars.

(a) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs iCORE Inc. has primary responsibility and accountability for, as reflected in the Government's budget documents.

Research grants are recognized when authorized and eligibility criteria are met.

Incurred by Others

Services contributed by other entities in support of iCORE Inc. operations are disclosed in Schedule 2.

Assets

Financial assets of iCORE Inc. are limited to financial claims recoverable at fiscal year end.

The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities represent all financial claims payable by iCORE Inc. at fiscal year end.

Net Assets / Net Liabilities

Net assets/net liabilities represents the difference between the carrying value of assets held by iCORE Inc. and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3

Contractual Obligations

(in thousands)	2008	2007
Grant agreements	$ 19,419	$ 20,453

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

(in thousands)	2008
2009	$ 7,543
2010	6,398
2011	3,678
2012	1,650
Thereafter	150
	$ 19,419

Note 4

Graduate Student Grants

During the 2007-2008 fiscal year the graduate student grant program was entirely funded by the Ministry of Advanced Education and Technology. iCORE managed the program. The funding provided by the Ministry of Advanced Education and Technology is not reflected in these financial statements.

Schedules to the Financial Statements

for the year ended March 31, 2008

Schedule 1

Board of Directors and Senior Executive Salaries and Benefits

for the year ended March 31, 2008

	2008			2007
	Base Salary (2)	Other Benefits (3)	Total	Total
Chair of the Board (1)	$ 12,488	$ —	$ 12,488	$ 15,108
President and Chief Executive Officer (4)	268,206	—	268,206	256,143
Vice President, Programs	138,215	42,123	180,338	140,350

Prepared in accordance with Treasury Board Directive 03/2004.

(1) Board members receive no compensation.

(2) Base salary includes regular base pay.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement savings plan, health care, dental coverage, vision coverage and professional development allowance.

(4) The salary amount (including benefits paid by the University) for the President and Chief Executive Officer is $268,206 paid to the University of Alberta for 100% secondment.

Schedule 2

Related Party Transactions

for the year ended March 31, 2008

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in iCORE Inc.

iCORE Inc. and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

iCORE Inc. had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
(in thousands)	2008	2007
Revenues - Internal Government Transfers		
Grant from Department of Advanced Education and Technology	$ 12,458	$ 10,795
	$ 12,458	$ 10,795
Expenses - Directly Incurred		
Grant Payments to Post-Secondary Institutions	$ 11,191	$ 9,351
Payments to Alberta Research Council Inc.	10	12
	$ 11,201	$ 9,363

iCORE also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry	
(in thousands)	2008	2007
Expenses - Incurred by Others		
Accommodation from the Province of Alberta	$ 39	$ 39
	$ 39	$ 39

Post-Secondary Institutions

Financial Statements

Unaudited Information

Summary of Colleges

Summary of Technical Institutes

Summary of Universities

The Banff Centre for Continuing Education

Disclosure of Salaries and Benefits for President Positions

Summary of Significant Accounting Policies

Audited financial statements are available on Advanced Education and Technology's website:

www.advancededandtech.gov.ab.ca

For a print version of the complete audited financial statements of the post-secondary institutions, please order by:

phone	780-427-2767
e-mail	lrccustserv@gov.ab.ca
online	www.lrc.education.gov.ab.ca

Summary of Colleges

Statement of Operations and Changes in Financial Position

for the Year Ended June 30, 2007

(in thousands)	Alberta College of Art & Design	Bow Valley College	Grande Prairie Regional College	Grant MacEwan College	Keyano College	Lakeland College	Lethbridge College
Revenue							
Grants	$ 11,100	$ 25,311	$ 20,641	$ 75,628	$ 29,872	$ 28,106	$ 36,265
Sales, rentals and services	914	—	4,010	23,469	5,679	4,990	7,493
Tuition and related fees	5,361	11,945	6,834	51,398	7,442	10,892	14,739
Education contracts and contract programs	—	10,254	1,189	4,102	1,024	4,917	1,897
Investment income	425	942	669	5,166	839	807	1,269
Donations and contributions	378	895	1,026	1,834	981	289	111
Amortization of deferred capital contributions	717	1,445	1,947	3,840	1,994	2,486	2,216
Ancillary services	—	1,447	—	—	—	—	—
Miscellaneous revenue	—	—	—	—	—	1,875	—
	18,895	52,239	36,316	165,437	47,831	54,362	63,990
Expenses							
Salaries, wages and benefits	11,212	31,822	21,186	94,207	31,284	26,962	43,137
Supplies and services (a)	5,196	12,324	9,336	39,060	9,563	15,961	14,065
Amortization of capital assets	952	2,158	2,728	10,182	3,601	4,445	4,753
Maintenance, utilities and property tax	—	—	857	3,732	1,557	1,850	1,416
Facilities cost	—	—	—	—	—	—	—
Scholarships and bursaries	215	326	280	1,226	462	375	270
Other	540	—	—	2,946	845	227	361
Loss (gain) on disposal of capital assets	—	—	331	—	104	—	—
	18,115	46,630	34,718	151,353	47,416	49,820	64,002
Excess Revenue over Expenses	$ 780	$ 5,609	$ 1,598	$ 14,084	$ 415	$ 4,542	$ (12)
Changes in Financial Position							
Cash generated (used) by operating activities	$ 2,425	$ 13,240	$ 3,255	$ 43,636	$ 1,921	$ 10,721	$ 4,546
Cash generated (used) by investing activities	(834)	(42,040)	(8,025)	(44,415)	(27,397)	(5,556)	(15,741)
Cash generated (used) by financing activities	185	37,470	6,790	45,056	23,899	4,675	5,645
Increase (decrease) in cash and short-term investments	1,776	8,670	2,020	44,277	(1,577)	9,840	(5,550)
Cash and short-term investments at beginning of year, net of bank indebtedness	5,425	5,946	316	48,111	11,442	10,378	12,305
Cash and short-term investments at end of year, net of bank indebtedness	$ 7,201	$ 14,616	$ 2,336	$ 92,388	$ 9,865	$ 20,218	$ 6,755

►

(a) Unless otherwise stated, Cost of goods sold are accounted for as Supplies and services.

Summary of Colleges

Statement of Operations and Changes in Financial Position (continued)
for the Year Ended June 30, 2007

(in thousands)	Medicine Hat College	Mount Royal College	NorQuest College	Northern Lakes College	Olds College	Portage College	Red Deer College
Revenue							
Grants	$ 25,950	$ 65,431	$ 28,888	$ 23,079	$ 21,152	$ 18,976	$ 37,936
Sales, rentals and services	3,747	19,916	2,067	1,537	5,497	2,087	1,587
Tuition and related fees	9,580	31,772	9,624	3,923	5,368	2,882	16,153
Education contracts and contract programs	—	20,303	5,713	155	2,086	1,538	2,262
Investment income	1,046	4,457	655	449	1,170	383	969
Donations and contributions	123	2,170	326	75	1,070	102	686
Amortization of deferred capital contributions	1,401	7,362	823	1,299	1,543	989	2,776
Ancillary services	—	—	—	—	—	—	7,474
Miscellaneous revenue	—	—	—	41	—	194	—
	41,847	151,411	48,096	30,558	37,886	27,151	69,843
Expenses							
Salaries, wages and benefits	24,699	94,678	34,933	18,102	23,547	16,176	45,007
Supplies and services (a)	9,661	31,633	9,176	7,424	9,824	7,040	17,083
Amortization of capital assets	2,906	11,395	2,370	2,069	2,876	1,718	4,514
Maintenance, utilities and property tax	1,095	5,179	580	1,263	1,360	712	1,965
Facilities cost	—	—	—	300	—	—	—
Scholarships and bursaries	296	1,882	—	46	290	128	331
Other	230	—	341	745	—	—	—
Loss (gain) on disposal of capital assets	—	—	—	—	13	—	—
	38,887	144,767	47,400	29,949	37,910	25,774	68,900
Excess Revenue over Expenses	$ 2,960	$ 6,644	$ 696	$ 609	$ (24)	$ 1,377	$ 943
Changes in Financial Position							
Cash generated (used) by operating activities	$ 4,914	$ 16,741	$ 3,152	$ 2,757	$ 1,008	$ 3,173	$ 10,288
Cash generated (used) by investing activities	(5,858)	(3,254)	(3,936)	(2,602)	(24,986)	(9,310)	(40,646)
Cash generated (used) by financing activities	3,013	16,453	2,777	1,973	17,515	8,322	15,229
Increase (decrease) in cash and short-term investments	2,069	29,940	1,993	2,128	(6,463)	2,185	(15,129)
Cash and short-term investments at beginning of year, net of bank indebtedness	9,379	12,865	2,905	4,073	7,909	3,768	16,762
Cash and short-term investments at end of year, net of bank indebtedness	$ 11,448	$ 42,805	$ 4,898	$ 6,201	$ 1,446	$ 5,953	$ 1,633

(a) Unless otherwise stated, Cost of goods sold are accounted for as Supplies and services.

Statement of Operations and Changes in Financial Position *(continued)*

for the Year Ended June 30, 2007

(in thousands)	Totals 2007 Budget	 2007 Actual	 2006 Actual
Revenue			
Grants	$ 438,505	$ 448,335	$ 395,846
Sales, rentals and services	79,104	82,993	76,513
Tuition and related fees	195,199	187,913	184,651
Education contracts and contract programs	49,217	55,440	49,263
Investment income	10,543	19,246	13,945
Donations and contributions	9,693	10,066	10,040
Amortization of deferred capital contributions	31,201	30,838	30,258
Ancillary services	8,709	8,921	9,418
Miscellaneous revenue	1,245	2,110	2,306
	823,416	845,862	772,240
Expenses			
Salaries, wages and benefits	528,826	516,952	466,563
Supplies and services (a)	196,421	197,346	168,888
Amortization of capital assets	55,771	56,667	54,833
Maintenance, utilities and property tax	23,847	21,566	21,834
Facilities cost	241	300	191
Scholarships and bursaries	5,039	6,127	4,974
Other	6,327	6,235	14,958
Loss (gain) on disposal of capital assets	—	448	24
	816,472	805,641	732,265
Excess Revenue over Expenses	$ 6,944	$ 40,221	$ 39,975
Changes in Financial Position			
Cash generated (used) by operating activities		$ 121,777	$ 84,485
Cash generated (used) by investing activities		(234,600)	(127,475)
Cash generated (used) by financing activities		189,002	113,309
Increase (decrease) in cash and short-term investments		76,179	70,319
Cash and short-term investments at beginning of year, net of bank indebtedness		151,584	81,265
Cash and short-term investments at end of year, net of bank indebtedness		$ 227,763	$ 151,584

(a) Unless otherwise stated, Cost of goods sold are accounted for as Supplies and services.

Summary of Colleges

Statement of Financial Position

as at June 30, 2007

(in thousands)	Alberta College of Art & Design	Bow Valley College	Grande Prairie Regional College	Grant MacEwan College	Keyano College	Lakeland College	Lethbridge College
Assets							
Current:							
Cash and short-term investments	$ 7,201	$ 14,616	$ 2,336	$ 92,389	$ 16,249	$ 20,218	$ 6,756
Accounts receivable	478	3,694	671	5,083	3,605	2,848	2,719
Inventories	529	778	479	1,896	257	905	475
Prepaid expenses and deposits	—	554	161	1,059	228	—	334
	8,208	19,642	3,647	100,427	20,339	23,971	10,284
Long-term:							
Investments	3,166	44,656	13,901	31,477	8,967	4,272	19,402
Capital assets	4,860	40,393	39,175	236,421	90,206	58,300	57,285
Other assets	644	—	—	—	81	13	—
	$ 16,878	$ 104,691	$ 56,723	$ 368,325	$ 119,593	$ 86,556	$ 86,971
Liabilities and Net Assets							
Current:							
Accounts payable and accrued liabilities	$ 933	$ 7,860	$ 1,804	$ 17,534	$ 5,130	$ 3,006	$ 5,534
Accrued vacation pay	772	1,911	1,265	5,725	1,959	1,902	869
Unearned revenue	326	2,543	363	5,324	1,492	2,092	2,108
Deferred contributions	2,427	2,938	1,764	27,663	3,242	3,853	2,327
Current portion of long-term debt	—	—	190	1,307	—	120	170
Other current liabilities	19	8	402	—	327	—	—
	4,477	15,260	5,788	57,553	12,150	10,973	11,008
Long-term:							
Debt	—	—	8,572	50,118	5,874	2,280	5,625
Deferred contributions	—	—	—	—	—	—	—
Deferred capital contributions	1,103	28,516	3,224	12,233	7,970	5,682	2,978
Unamortized deferred capital contributions	4,081	36,667	26,329	134,213	60,095	43,141	40,576
Other long-term liabilities	71	—	—	—	—	—	—
	5,255	65,183	38,125	196,564	73,939	51,103	49,179
Net Assets:							
Endowments	1,957	842	2,911	16,837	1,972	1,872	5,933
Investment in capital assets	718	3,718	4,084	50,784	23,910	12,760	10,914
Internally restricted	2,452	15,324	2,200	35,116	—	142	2,758
Unrestricted	2,019	4,364	3,615	11,471	7,622	9,706	7,179
	7,146	24,248	12,810	114,208	33,504	24,480	26,784
	$ 16,878	$ 104,691	$ 56,723	$ 368,325	$ 119,593	$ 86,556	$ 86,971

Unless otherwise stated, capital leases are accounted for as "Other Liabilities".

Statement of Financial Position *(continued)*

as at June 30, 2007

(in thousands)	Medicine Hat College	Mount Royal College	NorQuest College	Northern Lakes College	Olds College	Portage College	Red Deer College
Assets							
Current:							
Cash and short-term investments	$ 11,448	$ 42,805	$ 4,898	$ 6,201	$ 1,445	$ 5,953	$ 26,813
Accounts receivable	788	4,031	2,886	882	8,553	3,319	1,875
Inventories	228	778	162	208	471	207	941
Prepaid expenses and deposits	246	1,210	325	112	—	80	524
	12,710	48,824	8,271	7,403	10,469	9,559	30,153
Long-term:							
Investments	9,969	65,268	9,999	5,598	31,170	6,458	19,281
Capital assets	47,152	178,932	27,777	29,924	32,919	33,951	69,810
Other assets	—	—	—	—	—	—	1,317
	$ 69,831	$ 293,024	$ 46,047	$ 42,925	$ 74,558	$ 49,968	$ 120,561
Liabilities and Net Assets							
Current:							
Accounts payable and accrued liabilities	$ 1,585	$ 8,211	$ 2,840	$ 1,136	$ 7,158	$ 1,130	$ 8,653
Accrued vacation pay	778	4,925	3,092	2,032	2,008	1,193	3,566
Unearned revenue	936	6,058	1,179	47	1,601	236	1,899
Deferred contributions	2,726	11,338	1,853	4,206	4,236	4,018	11,946
Current portion of long-term debt	95	1,399	—	—	187	—	244
Other current liabilities	—	—	56	69	—	—	453
	6,120	31,931	9,020	7,490	15,190	6,577	26,761
Long-term:							
Debt	3,506	44,634	320	—	3,289	—	7,131
Deferred contributions	—	16,719	—	—	—	—	—
Deferred capital contributions	2,700	514	1,731	—	18,912	4,842	12,410
Unamortized deferred capital contributions	30,975	129,608	16,021	24,631	21,119	30,014	49,004
Other long-term liabilities	760	—	—	26	—	—	358
	37,941	191,475	18,072	24,657	43,320	34,856	68,903
Net Assets:							
Endowments	3,240	28,378	886	1,415	6,278	687	5,633
Investment in capital assets	12,576	17,964	11,756	5,293	8,324	3,937	14,748
Internally restricted	2,290	22,764	4,582	1,512	637	2,984	1,692
Unrestricted	7,664	512	1,731	2,558	809	927	2,824
	25,770	69,618	18,955	10,778	16,048	8,535	24,897
	$ 69,831	$ 293,024	$ 46,047	$ 42,925	$ 74,558	$ 49,968	$ 120,561

Unless otherwise stated, capital leases are accounted for as "Other Liabilities".

Summary of Colleges

Statement of Financial Position *(continued)*

as at June 30, 2007

(in thousands)	Totals 2007 Actual	Totals 2006 Actual
Assets		
Current:		
Cash and short-term investments	$ 259,328	$ 157,969
Accounts receivable	41,432	27,118
Inventories	8,314	8,450
Prepaid expenses and deposits	4,833	4,373
	313,907	197,910
Long-term:		
Investments	273,584	214,700
Capital assets	947,105	842,326
Other assets	2,055	2,272
	$ 1,536,651	$ 1,257,208
Liabilities and Net Assets		
Current:		
Accounts payable and accrued liabilities	$ 72,514	$ 47,312
Accrued vacation pay	31,997	29,219
Unearned revenue	26,204	21,542
Deferred contributions	84,537	43,003
Current portion of long-term debt	3,712	3,695
Other current liabilities	1,334	1,178
	220,298	145,949
Long-term:		
Debt	131,349	113,176
Deferred contributions	16,719	5,861
Deferred capital contributions	102,815	76,257
Unamortized deferred capital contributions	646,474	544,565
Other long-term liabilities	1,215	4,028
	898,572	743,887
Net Assets:		
Endowments	78,841	67,564
Investment in capital assets	181,486	182,762
Internally restricted	94,453	72,288
Unrestricted	63,001	44,758
	417,781	367,372
	$ 1,536,651	$ 1,257,208

Unless otherwise stated, capital leases are accounted for as "Other Liabilities".

Summary of Technical Institutes

Statement of Operations and Changes in Financial Position

for the Year Ended June 30, 2007

(in thousands)	Northern Alberta Institute of Technology	Southern Alberta Institute of Technology	Totals 2007 Budget	2007 Actual	2006 Actual
Revenue					
Grants	$ 147,978	$ 123,211	$ 263,421	$ 271,189	$ 231,368
Earned revenue programs	38,277	43,626	79,526	81,903	73,636
Tuition and related fees	34,060	32,754	66,499	66,814	63,450
Donations and fund raising	3,709	3,701	9,855	7,410	7,568
Ancillary services	20,148	—	18,105	20,148	17,775
Sales, rentals and services	6,270	20,544	21,326	26,814	27,632
Investment income	5,257	3,310	4,788	8,567	7,670
Amortization of deferred capital contributions	8,902	8,455	16,415	17,357	17,137
	264,601	235,601	479,935	500,202	446,236
Expenses					
Salaries, wages and benefits	164,389	133,416	308,421	297,805	266,636
Supplies and services	56,757	41,652	95,950	98,409	88,512
Utilities	8,221	9,004	16,509	17,225	16,483
Interest expense	—	1,256	1,230	1,256	1,367
Facility rentals	1,036	—	875	1,036	561
Scholarships and bursaries	2,012	2,992	5,391	5,004	4,563
Repairs and maintenance	—	11,521	11,397	11,521	11,474
Capital amortization	17,042	17,185	30,552	34,227	30,482
Loss on disposal of capital assets	—	544	1,493	544	1,260
	249,457	217,570	471,818	467,027	421,338
Excess Revenue over Expenses	$ 15,144	$ 18,031	$ 8,117	$ 33,175	$ 24,898
Changes in Financial Position					
Cash generated (used) by operating activities	17,980	$ 44,204		62,184	$ 77,488
Cash generated (used) by investing activities	(57,487)	(71,370)		(128,857)	(85,650)
Cash generated (used) by financing activities	36,056	15,588		51,644	84,886
Net increase (decrease) in cash and short-term investments	(3,451)	(11,578)		(15,029)	76,724
Cash and short-term investments at beginning of year	19,835	104,668		124,503	47,779
Cash and short-term investments at end of year	16,384	$ 93,090		109,474	$ 124,503

Summary of Technical Institutes

Statement of Financial Position

as at June 30, 2007

(in thousands)	Northern Alberta Institute of Technology	Southern Alberta Institute of Technology	Totals 2007 Actual	Totals 2006 Actual
Assets				
Current:				
Cash and short-term investments	$ 16,384	$ 93,090	$ 109,474	$ 124,503
Accounts receivable	11,499	9,830	21,329	19,476
Inventories	3,587	2,424	6,011	5,873
Prepaid expenses	1,278	494	1,772	1,527
Total Current	32,748	105,838	138,586	151,379
Investments	82,416	35,652	118,068	92,779
Capital assets	248,525	255,009	503,534	434,629
Long-term receivable	9,265	—	9,265	6,496
Total Assets	$ 372,954	$ 396,499	$ 769,453	$ 685,283
Liabilities and Net Assets				
Current:				
Accounts payable and accrued liabilities	$ 26,488	$ 33,952	$ 60,440	$ 49,695
Accrued vacation pay	14,257	—	14,257	12,808
Unearned revenue	11,105	10,568	21,673	18,620
Current portion of employee benefit liabilities	—	10,622	10,622	8,930
Deferred contribution	16,225	29,287	45,512	43,314
Current portion of long-term liabilities	—	1,613	1,613	1,542
Current portion of long-term leases	472	—	472	547
Total Current Liabilities	68,547	86,042	154,589	135,456
Long-term:				
Long-term liabilities	—	68,816	68,816	70,427
Deferred capital contributions	10,070	10,754	20,824	8,220
Long-term leases	273	—	273	670
Employee benefit liabilities	89	1,297	1,386	868
Unamortized deferred capital contribution	150,704	110,322	261,026	241,745
Total Long-Term	161,136	191,189	352,325	321,930
Net Assets:				
Endowments	13,031	12,181	25,212	23,745
Internally restricted	7,984	—	7,984	8,111
Investment in capital assets	97,076	84,312	181,388	168,277
Unrestricted net assets	25,180	22,775	47,955	27,764
Total Net Assets	143,271	119,268	262,539	227,897
Total Liabilities and Net Assets	$ 372,954	$ 396,499	$ 769,453	$ 685,283

Summary of Universities

Statement of Operations and Changes in Financial Position

for the Year Ended March 31, 2008

(in thousands)	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	2008 Budget	2008 Actual	2007 Actual
Revenue							
Grants	$ 777,872	$ 494,273	$ 96,482	$ 35,120	$ 1,395,642	$ 1,403,747	$ 1,298,736
Tuition and related fees	188,988	123,360	35,427	49,997	382,228	397,772	383,805
Non-credit tuition and related fees	—	15,608	—	—	16,880	15,608	15,775
Donations and contributions	73,340	75,878	701	673	166,332	150,592	140,558
Investment and royalty income	(7,956)	(2,704)	(1,212)	661	36,509	(11,211)	90,948
Sales, rentals and services	196,224	82,090	12,655	12,908	291,897	303,877	289,035
Amortization of deferred capital contributions	56,971	48,951	6,284	1,946	128,368	114,152	107,624
Miscellaneous revenue	—	—	1,211	88	1,108	1,299	2,256
	1,285,439	837,456	151,548	101,393	2,418,964	2,375,836	2,328,737
Expense							
Salaries	664,404	449,962	85,448	68,367	1,362,091	1,268,181	1,145,241
Employee benefits	121,268	72,740	13,560	—	133,826	207,568	180,939
Materials, supplies and services	272,413	141,127	17,319	23,739	624,540	454,598	417,801
Maintenance, utilities and property tax	91,498	41,272	4,876	2,335	34,575	139,981	123,254
Scholarships and bursaries	73,217	45,073	2,707	494	44,271	121,491	114,318
Travel	—	24,559	4,046	7,346	9,718	35,951	33,370
Cost of goods sold	—	15,541	3,122	—	3,213	18,663	19,536
Interest/Financing	10,068	1,433	570	—	4,102	12,071	10,117
Amortization of capital assets	102,882	80,142	12,832	3,671	195,659	199,527	187,457
Loss (gain) on disposal of capital assets	—	—	254	76	—	330	(49)
	1,335,750	871,849	144,734	106,028	2,411,995	2,458,361	2,231,984
Excess Revenue over Expenses	$ (50,311)	$ (34,393)	$ 6,814	$ (4,635)	$ 6,969	$ (82,525)	$ 96,753
Changes in Financial Position							
Cash generated (used) by operating activities	$ (452,232)	$ 57,390	$ 9,222	$ 111		$ (385,509)	$ 181,946
Cash generated (used) by investing activities	(296,115)	(226,754)	(68,907)	(27,329)		(619,105)	(512,083)
Cash generated (used) by financing activities	579,986	205,754	50,742	30,339		866,821	494,186
Increase (decrease) in cash and short-term investments	(168,361)	36,390	(8,943)	3,121		(137,793)	164,049
Cash and short-term investments at beginning of year, net of bank indebtedness	245,704	227,685	34,978	20,213		528,580	364,531
Cash and short-term investments at end of year, net of bank indebtedness	$ 77,343	$ 264,075	$ 26,035	$ 23,334		$ 390,787	$ 528,580

Summary of Universities

Statement of Financial Position

as at March 31, 2008

(in thousands)	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	Totals 2008 Actual	Totals 2007 Actual
Assets						
Current:						
Cash and short-term investments	$ 487,744	$ 359,549	$ 26,035	$ 23,334	$ 896,662	$ 652,566
Accounts receivable	189,697	102,680	16,675	5,439	314,491	262,633
Inventories	—	5,235	518	3,805	9,558	9,500
Prepaid expenses and deposits	—	2,359	1,025	1,184	4,568	5,298
Other	16,960	—	—	—	16,960	13,917
	694,401	469,823	44,253	33,762	1,242,239	943,914
Investments	1,014,771	458,171	116,705	51,340	1,640,987	1,429,185
Capital assets and collections	1,718,478	833,950	232,424	21,842	2,806,694	2,514,445
Other assets	—	21,372	3,178	141	24,691	35,911
	$ 3,427,650	$ 1,783,316	$ 396,560	$ 107,085	$ 5,714,611	$ 4,923,455
Liabilities and Net Assets						
Current:						
Accounts payable and accrued liabilities	$ 161,143	$ 72,234	$ 8,724	$ 4,736	$ 246,837	$ 206,724
Current portion of employee benefit liabilities	32,986	—	4,499	7,168	44,653	41,385
Deferred revenue	18,824	21,258	4,374	11,791	56,247	48,823
Deferred contributions	280,801	288,750	13,824	4,545	587,920	504,148
Current portion of long-term liabilities	9,799	5,551	818	117	16,285	18,244
	503,553	387,793	32,239	28,357	951,942	819,324
Long-term:						
Employee benefit liabilities	43,399	—	7,017	3,689	54,105	52,034
Deferred contributions	90,000	—	1,761	146	91,907	90,836
Deferred capital contributions	290,074	120,656	44,662	29,771	485,163	91,901
Unamortized deferred capital contributions	1,121,647	587,382	119,515	10,347	1,838,891	1,603,958
Long-term debt	185,335	—	4,571	—	189,906	155,853
Other long-term liabilities	—	36,971	—	—	36,971	28,021
	1,730,455	745,009	177,526	43,953	2,696,943	2,022,603
Net Assets:						
Endowments	734,191	426,030	32,174	1,595	1,193,990	1,214,750
Investment in capital assets	407,668	211,664	106,416	11,636	737,384	735,728
Internally restricted	—	26,264	13,335	19,529	59,128	71,094
Unrestricted	51,783	(13,444)	34,870	2,015	75,224	59,956
	1,193,642	650,514	186,795	34,775	2,065,726	2,081,528
	$ 3,427,650	$ 1,783,316	$ 396,560	$ 107,085	$ 5,714,611	$ 4,923,455

The Banff Centre for Continuing Education

Statement of Operations and Changes in Financial Position

for the Year Ended March 31, 2008

(in thousands)	2008 Budget	2008 Actual	2007 Actual
Revenue			
Grants	$ 16,629	$ 18,060	$ 15,822
Accommodation	15,113	14,715	13,703
Sales, rentals and services	7,752	9,149	6,964
Tuition and related fees	5,653	5,319	5,252
Investment income	429	718	528
Donations and other contributions	4,011	3,792	3,782
Amortization of deferred capital contributions	1,343	1,313	1,294
	50,930	53,066	47,345
Expenses			
Salaries, wages and benefits	27,753	27,490	25,223
Scholarships and financial assistance	3,717	3,768	3,740
Supplies and materials	4,600	4,689	4,169
Facility operating	4,839	5,808	3,694
Purchased services	3,313	3,173	2,695
Travel and related	1,709	1,704	1,596
Financial costs	553	573	526
Marketing and promotion	751	835	666
Vehicles and equipment	1,104	1,202	1,183
Amortization of capital assets	2,591	2,590	2,511
Loss (gain) on disposal of capital assets	—	3	—
	50,930	51,835	46,003
Excess Revenue over Expenses	$ —	$ 1,231	$ 1,342
Changes in Financial Position			
Cash generated (used) by operating activities		$ (1,294)	$ 4,415
Cash generated (used) by investing activities		(19,048)	(42,764)
Cash generated (used) by financing activities		21,276	37,639
Increase (decrease) in cash		934	(710)
Cash at beginning of year		317	1,027
Cash at end of year		$ 1,251	$ 317

The Banff Centre for Continuing Education

Statement of Financial Position
as at March 31, 2008

(in thousands)	2008 Actual	2007 Actual
Assets		
Current:		
Cash and short-term investments	$ 30,354	$ 25,078
Accounts receivable	14,489	5,664
Inventories	432	385
Prepaid expense	163	280
	45,438	31,407
Note receivable	687	693
Long-term investments	13,507	10,371
Capital assets	78,864	68,543
Long-term pledges receivable	11,599	9,094
	$ 150,095	$ 120,108
Liabilities and Net Assets		
Current:		
Accounts payable	$ 2,989	$ 2,803
Accrued vacation pay	1,282	1,257
Unearned revenue	1,709	1,690
Deferred contributions	4,402	2,929
Long-term debt due within one year	277	2,642
	10,659	11,321
Long-term:		
Deferred contributions	46,708	32,946
Employment related liabilities	464	344
Long-term debt	2,088	1
Deferred expended capital contributions	61,716	51,334
	110,976	84,625
Net Assets:		
Endowments	13,438	10,371
Operating net assets	15,022	13,791
	28,460	24,162
	$ 150,095	$ 120,108

Disclosure of Salaries and Benefits for President Positions

		Base Salary	Other Cash Benefits (1)	Other Non-Cash Benefits (2)	Total
Colleges	(June 30, 2007)				
Alberta College of Art & Design		$ 184,800	$ 58,035	$ 18,242	$ 261,077
Bow Valley College		188,546	37,248	18,314	244,108
Grande Prairie Regional College		146,309	—	13,918	160,227
Grant MacEwan College		227,442	1,301	55,884	284,627
Keyano College		130,000	—	31,269	161,269
Lakeland College		150,000	—	19,460	169,460
Lethbridge College		166,770	—	19,028	185,798
Medicine Hat College		182,565	—	35,543	218,108
Mount Royal College		236,000	20,000	134,000	390,000
NorQuest College		162,324	—	17,825	180,149
Northern Lakes College		137,739	1,471	25,820	165,030
Olds College		174,313	11,735	19,711	205,759
Portage College		147,386	27,886	26,464	201,736
Red Deer College		167,882	—	70,720	238,602
Technical Institutes	(June 30, 2007)				
Northern Alberta Institute of Technology		242,000	69,000	65,000	376,000
Southern Alberta Institute of Technology		200,000	72,000	166,000	438,000
Universities	(March 31, 2008)				
University of Alberta		436,000	—	191,000	627,000
University of Calgary		377,000	—	180,000	557,000
University of Lethbridge		315,000	30,000	89,000	434,000
Athabasca University		339,000	30,000	47,000	416,000
The Banff Centre	(March 31, 2008)				
The Banff Centre for Continuing Education		272,000	—	37,000	309,000

(1) Other Cash Benefits include bonuses, overtime, lump sum payments and honoraria.

(2) Other Non-Cash Benefits includes the Institution's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plan, professional memberships and tuition. Other non-cash benefits figure also includes the institution's share of the cost of additional benefits, including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

Note: The Presidents of Post-Secondary Institutions are appointed by the Institution's Board of Governors.

Summary of Significant Accounting Policies

Post-secondary institutions prepare their financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. The following are significant accounting policies followed by these entities:

- Revenues and expenses are recognized on an accrual basis.
- Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered.
- Unrestricted contributions are recognized as revenues when received.
- Capital grants are recorded as deferred contributions until the amounts are invested in capital assets.
- Once capital grants are invested in capital assets, the amounts are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
- Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.
- Endowment contributions are recognized as direct increases in net assets in the period in which they are received.
- Contributions for capital assets that will not be amortized, such as land and art collections, are recorded as direct increases in net assets in the period the assets are acquired.
- Capital assets are recorded at cost when acquired. Capital assets are amortized based on amortization policies set by post-secondary institutions.
- Donated assets are recorded at fair value where fair value is reasonably determined.
- Inventories of merchandise for resale are valued at the lower of cost and net realizable value. Inventories of supplies for consumption are valued at the lower of cost and replacement value.
- Short-term investments are recorded at the lower of cost or market value. Long-term investments are recognized at market value.

Alberta Heritage Foundation for Medical Research

Consolidated Financial Statements

March 31, 2008

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Trustees of the Alberta Heritage Foundation for Medical Research

I have audited the consolidated statement of financial position of the Alberta Heritage Foundation for Medical Research as at March 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Alberta Heritage Foundation for Medical Research as at March 31, 2008 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 16, 2008

Consolidated Statement of Financial Position

as at March 31, 2008

(in thousands)	2008	2007
Assets		
Current assets		
Cash (Note 3)	$ 9,983	$ 5,926
Accounts receivable	139	343
Accounts receivable - employee loan (Note 13)	150	25
Advances and prepaid expenses	77	82
	10,349	6,376
Property and equipment (Note 5)	715	542
Employee loan (Note 13)	—	150
Accrued registered pension asset (Note 6(d))	75	—
	$ 11,139	$ 7,068
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,759	$ 1,370
Deferred contributions (Note 8)	6,308	5,727
Current portion of deferred lease inducement	28	28
Deferred revenue	2	—
	11,097	7,125
Accrued retirement allowance (Note 7(b))	1,224	1,131
Deferred lease inducement	71	99
Accrued registered pension liability (Note 6(d))	—	15
	12,392	8,370
Net assets		
Unrestricted (deficiency)	(1,970)	(1,844)
Invested in property and equipment	717	542
	(1,253)	(1,302)
	$ 11,139	$ 7,068

The accompanying notes are part of these financial statements.

Approved by the Board

original signed by	*original signed by*
Gail Surkan Trustee (Chair)	Robert Seidel Trustee

Consolidated Statement of Changes in Net Assets

for the year ended March 31, 2008

	2008			2007
(in thousands)	Invested in Property and Equipment	Unrestricted	Total	Total
Net (deficit) assets - Beginning of year	$ 542	$ (1,844)	$ (1,302)	$ (553)
Excess (deficiency) of revenues over expenses	—	49	49	(749)
Purchase of property and equipment	370	(370)	—	—
Proceeds from disposal of property and equipment	1	(1)	—	—
Loss on disposal of property and equipment	(15)	15	—	—
Amortization of property and equipment	(181)	181	—	—
Net (deficit) assets - End of year	$ 717	$ (1,970)	$ (1,253)	$ (1,302)

The accompanying notes are part of these financial statements.

Consolidated Statement of Operations

for the year ended March 31, 2008

(in thousands)	2008	2007
Revenues		
Transfers from Endowment Fund (Note 4)	$ 66,000	$ 55,000
Transfer from Deferred Contributions (Note 8)	3,029	6,330
Interest	522	607
Recoveries on ForeFront (Note 9)	122	193
Donations	2	1
Other revenues (Note 15)	101	—
	69,776	62,131
Expenses		
Grants, awards and programs (Note 14)		
Research support	39,060	33,258
Operating and infrastructure grants	7,343	7,995
Training support	7,095	6,660
Knowledge transfer programs	5,243	5,200
Partnerships - administered funds	3,029	4,114
Partnerships - program contributions	589	325
Outreach and education	2,359	1,459
Operations	5,009	3,869
	69,727	62,880
Excess (deficiency) of revenues over expenses	$ 49	$ (749)

The accompanying notes are part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Cash provided by (used in)		
Operating Activities		
Excess (deficiency) of revenues over expenses	$ 49	$ (749)
Items not affecting cash		
Amortization of property and equipment	181	143
Loss on sale of property and equipment	15	4
	245	(602)
Net change in non-cash working capital items		
Accounts receivable	204	(209)
Advances and prepaid expenses	5	13
Accrued registered pension	(75)	—
Accounts payable and accrued liabilities	3,389	(335)
Deferred contributions	581	(1,455)
Deferred revenue	2	—
Accrued retirement allowance	93	170
Accrued registered pension liability	(15)	(5)
	4,429	(2,423)
Investing Activities		
Purchase of property and equipment	(370)	(319)
Proceeds on disposal of property and equipment	1	—
Received loan payable	25	25
Deferred lease inducement	(28)	114
	(372)	(180)
Increase (decrease) in cash	4,057	(2,603)
Cash - Beginning of year	5,926	8,529
Cash - End of year	$ 9,983	$ 5,926

The accompanying notes are part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2008

Note 1

Authority and Purpose

The Alberta Heritage Foundation for Medical Research (the "Foundation") operates under the authority of the *Alberta Heritage Foundation for Medical Research Act*, Chapter A-21, Revised Statutes of Alberta 2000, as amended. The Foundation is exempt from income tax under Section 149(1)(d.l) of the *Income Tax Act*.

The Foundation supports and promotes research in Alberta to improve health and thereby the quality of life of Albertans and people throughout the world.

Note 2

Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Because the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Basis of presentation

These consolidated financial statements include the accounts of the Alberta Foundation for Health Research, a wholly owned subsidiary of the Foundation, which operates under the *Alberta Companies Act* and is a registered charitable organization for income tax purposes. The Alberta Foundation for Health Research activities are directed to promote and support medical and health research.

b) Financial instruments

The Foundation's financial instruments include cash, accounts receivable, employee loan receivable, accounts payable and accrued liabilities. Due to their nature or capacity for prompt liquidation, the fair values of these financial instruments approximate their carrying value. It is management's opinion that the Foundation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

In April 2005, the Accounting Standards Board issued new Handbook standards on financial instruments, Section 3855 and Section 3861. Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements. Upon adoption of the standards for the fiscal year ended March 31, 2008, there were no adjustments to the carrying amounts of the financial instruments.

c) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment, except for leasehold improvements, are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Furniture	10%
Office Equipment	20%
Computer Equipment	33%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

d) Revenue recognition

Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Restricted contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Restricted investment income is deferred and recognized as revenue in the period in which the related expenses are incurred.

e) Grants and awards expense

Grants and awards approved by the Trustees of the Foundation are recorded when substantially all terms and conditions for the implementation of the grant and/or award have been met.

Note 3

Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2008, securities held by the CCITF have an average effective market yield of 4.31% per annum (March 31, 2007 - 4.36% per annum).

Trustees have the authority to draw down funds from the endowment to cover cash requirements. Cash is therefore drawn from the endowment on an as needed basis. Funds to cover deferred contributions (Note 8) are also included in cash and maintained in the CCITF.

Note 4

Alberta Heritage Foundation for Medical Research Endowment Fund

The Endowment Fund operates pursuant to the *Alberta Heritage Foundation for Medical Research Act* (the "Act") and consists of an endowment from the Government of Alberta together with cumulative earnings thereon, less cumulative transfers to the Foundation.

Transfers to the Foundation are available at the request of the Trustees of the Foundation in accordance with the terms of the Act.

At March 31, 2008, the net assets of the Endowment Fund valued at cost were approximately $1.515 billion (2007 - $1.370 billion) and the market value of the investments was $1.534 billion (2007 - $1.490 billion).

The Foundation's policy is to retain funds in the Endowment Fund and transfers are made only on an as needed basis. This policy may result in a deficit within the statement of financial position of the Foundation.

Note 5

Property and Equipment

	2008			2007
(in thousands)	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	$ 616	$ 329	$ 287	$ 202
Computer hardware and software	1,235	1,140	95	139
Leasehold improvements	557	270	287	28
Software under development	46	—	46	—
Leasehold under construction	—	—	—	173
	$ 2,454	$ 1,739	$ 715	$ 542

Note 6

Defined Benefit Pension Plan

The Foundation's pension plan includes a defined benefit plan. An actuarial valuation of the plan was carried out on March 31, 2007. The following significant actuarial assumptions were employed to determine the pension expense and the accrued benefit obligation:

	2008	2007
Expected long-term rate on return of plan assets	7.00%	7.00%
Discount rate	5.75%	5.75%
Assumed rate of salary escalation	4.50%	4.50%

The transitional asset is being amortized over the average remaining service period of active employees expected to receive benefits under benefit plans.

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service life of active employees. 100% of the plan assets are held in trust by Manulife Financial and are invested in accordance with pension plan investment policy.

The defined benefit pension plan was closed to new entrants on December 31, 2007 and all existing members were given notice that their benefits would be converted to a defined contribution plan on January 1, 2009.

Note 6

Defined Benefit Pension Plan (continued)

The elimination of the right to earn defined benefit pension accruals as of December 31, 2008 is a plan curtailment as defined in paragraph 111 of CICA 3461. Upon conversion to defined contribution, active members will be provided with the actuarial reserve determined from the Registered Plan's Funding Report, subject to minimum commuted value requirements under applicable legislation. As the Foundation already uses the actuarial reserve from the Registered Plan's Funding Report for its fiscal year-end financial disclosure, it has been determined that there is no curtailment impact to be reported in this fiscal year-end. The impact of settling the obligations will be reflected in the period in which settlement occurs. The obligation upon settlement will depend on commuted value and annuity purchase interest rates in December 2008.

Information about the Foundation's defined benefit plan is a follows:

a) Pension Expense

(in thousands)	2008	2007
Current service cost - net of employee contributions	$ 267	$ 225
Interest cost	225	217
Expected return on plan assets	(238)	(208)
Amortization of net actuarial loss	17	24
Amortization of transitional asset	(29)	(29)
Defined benefit plan expense	$ 242	$ 229

b) Accrued Benefit Obligation

(in thousands)	2008	2007
Accrued benefit obligation - Beginning of year	$ 3,664	$ 3,518
Current service cost - net of employee contributions	267	225
Employee contributions	61	54
Interest cost	225	217
Actuarial loss	—	(31)
Benefits paid	(95)	(319)
Accrued benefit obligation - End of year	$ 4,122	$ 3,664

c) Plan Assets

(in thousands)	2008	2007
Fair value of plan assets - Beginning of year	$ 3,250	$ 2,986
Actual return on plan assets	(98)	295
Contributions	393	288
Benefits paid	(95)	(319)
Fair value of plan assets - End of year	$ 3,450	$ 3,250

d) Accrued Benefit Liability

(in thousands)	2008	2007
Funded status - plan deficit	$ (672)	$ (414)
Unamortized net actuarial loss	1,030	711
Unamortized net transitional asset	(283)	(312)
Accrued benefit asset (liability)	$ 75	$ (15)

Note 7

Retirement Allowance

The retirement allowance consists of the unfunded liability for the Foundation's supplemental retirement plan, the benefits under which are paid for entirely by the Foundation when they come due. There are no plan assets. The unfunded liability at March 31, 2008 of $1,224,400 (2007 - $1,130,500) has been accrued, $141,700 was expensed and $47,800 was paid out in 2007-2008. The liability was determined by an independent actuary using the same assumptions that were used to value the pension plan.

Participation in the supplemental retirement plan was closed to new entrants effective March 7, 2007. Benefits for the five participants are supplemental to the Registered Plan, vested, and either based on a fixed annual amount or length of service and final average earnings that exceed the Registered Plan limits set out in the *Income Tax Act*.

Information about the Foundation's retirement allowance plan is as follows:

a) Pension Expense

(in thousands)	2008	2007
Current service cost	$ 74	$ 72
Interest cost	68	61
Amortization of net actuarial loss	—	84
Retirement allowance	$ 142	$ 217

b) Accrued Benefit Obligation

(in thousands)	2008	2007
Accrued benefit obligation - Beginning of year	$ 1,131	$ 961
Current service costs	74	72
Interest cost	68	61
Actuarial loss	—	84
Benefits paid	(49)	(47)
Accrued benefit obligation - End of year	$ 1,224	$ 1,131

Note 8

Deferred Contributions

a) Health Research Collaboration ("HRC")

The Foundation and Alberta Health and Wellness have entered into an agreement to facilitate and enhance health research and health technology assessment and their dissemination in the province of Alberta. This agreement concluded March 31, 2007 and remaining funds will be used to meet all outstanding and forward commitments under the agreement.

b) Interdisciplinary Team Fund ("ITF")

The Foundation and Alberta Health and Wellness have entered into an agreement to support, facilitate and grow health services research and population health research by creating interdisciplinary research teams that intersect health disciplines and sectors.

c) Diabetes Research and Innovation Fund ("DRIF")

The Foundation and Alberta Health and Wellness with the Government of the Yukon, have entered into an agreement to support research in the prevention and management in the cure of diabetes.

d) Alberta Mental Health Board ("AMHB")

The Foundation and the Alberta Mental Health Board have entered into a cost-sharing agreement to jointly fund training awards in the area of mental health research.

Deferred contributions represent unspent resources externally restricted under the Health Research Collaboration, the Interdisciplinary Team Fund, the Diabetes Research and Innovation Fund and the Alberta Mental Health Board agreements.

Amounts are recognized as revenue to the extent of expenses incurred under these programs during the current period. Unspent grants returned for awards ended or terminated in a prior year are credited directly to deferred contributions.

Changes in the deferred contributions balance are as follows:

(in thousands)	2008	2007
Contributions received during the year		
Transfers from ITF	$ 3,535	$ —
Transfers from HRC	—	4,800
Transfers from AMHB	75	75
	3,610	4,875
Less: Amounts recognized as revenue in current year		
HRC	2,972	6,330
AMHB	42	—
DRIF	15	—
	3,029	6,330
Increase (decrease) during the year	581	(1,455)
Balance - Beginning of year	5,727	7,182
Balance - End of year	$ 6,308	$ 5,727
Balance is comprised as follows:		
ITF	$ 3,535	$ —
HRC	1,670	4,642
DRIF	995	1,010
AMHB	108	75
	$ 6,308	$ 5,727

Note 9

Recoveries on ForeFront

The Foundation has entered into various agreements to fund technology commercialization projects. The Foundation believes these projects have high scientific merit, but are speculative with both technical and commercial risk. Any recoveries by the Foundation under these agreements will be long-term, in some cases at least ten years. In addition to recoveries, some agreements contain a provision for future royalty payments.

Note 10

Commitments

(in thousands)	Grants and Awards [(a)]	Office Premises [(b)]	Total
2008-2009	$ 42,983	$ 156	$ 43,139
2009-2010	28,535	170	28,705
2010-2011	22,362	184	22,546
2011-2012	8,850	92	8,942
2012-2013	6,909	—	6,909
2013-2014	6,955	—	6,955
2014-2015	1,706	—	1,706
	$ 118,300	$ 602	$ 118,902

(a) Grants and awards for which all terms and conditions have been agreed to are recorded as commitments.

(b) The Foundation has entered into a 60 month lease for office premises. This lease commences on October 1, 2006 and expires on September 30, 2011.

The leased premises cost is as follows:

- Months 1-36 @ $11 per Sq. ft.
- Months 37-60 @ $13 per Sq. ft.

Note 11

Executive Compensation

	2008				2007
	Base Salaries (b)	Other Cash Benefits (c)	Other Non-Cash Benefits (d)	Total	Total
Chairman	$ —	$ 16,600	$ —	$ 16,600	$ 17,600
Board of Trustees	—	64,400	—	64,400	70,850
Interim and President & Chief Executive Officer (a)	686,390	—	230,102	916,492	350,377
Vice President - Programs (a)	74,271	—	23,176	97,447	279,205
Vice President - Corporate Affairs	152,817	—	46,994	199,811	187,699
	$ 913,478	$ 81,000	$ 300,272	$ 1,294,750	$ 905,731

(a) The employment of President and CEO terminated in August 2007 and the position was filled on an interim basis by the Vice-President Programs. Total compensation for the position included compensation paid to the President and CEO excluding the taxable benefit amount for the home loan, accrued severance benefits to February 2009, and compensation for interim President and CEO.

(b) Salaries include regular base pay, overtime and any other direct cash remuneration.

(c) Other cash benefits include honoraria.

(d) Other non-cash benefits include the Foundation's share of all employee benefits and contributions or payments made on behalf of the employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long-term disability plans and professional memberships.

Under the terms of the supplementary retirement plan ("SRP"), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period, but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Supplementary Retirement Benefits

	2008			2007
(in thousands)	Current Service Cost	Prior Service and Other Costs	Total	Total
President & Chief Executive Officer	$ 50	$ 11	$ 61	$ 44
Vice President - Corporate Affairs	7	6	13	27
Vice President - Programs	17	13	30	85
	$ 74	$ 30	$ 104	$ 156

The accrued obligation for each executive under the SRP is outlined in the following table:

(in thousands)	Accrued Obligation March 31, 2007	Changes in Accrued Obligation	Accrued Obligation March 31, 2008
President & Chief Executive Officer	$ 138	$ 61	$ 199
Vice President - Corporate Affairs	106	13	119
Vice President - Programs	209	30	239

Note 12 Budget

The budget process involves the determination of the cost for all programs including the estimated number of investigators sponsored for Foundation awards and meeting standards of excellence which the Foundation could support within the spending guidelines and program objectives laid out by the Board of Trustees of the Foundation. Variance from budget is determined largely by the number and quality of actual applications received and deferred or declined awards.

The 2007-2008 Foundation budget was approved by the Board of Trustees in March 2007. Following is the Unconsolidated Alberta Heritage Foundation for Medical Research budget:

(in thousands)	Actual	Budget
Revenue	$ 69,776	$ 71,657
Research support	39,060	37,699
Operating and infrastructure grants	7,343	8,307
Training support	7,095	6,850
Knowledge transfer	5,243	5,562
Partnerships - administered funds	3,029	4,757
Partnerships - program contributions	589	638
Outreach and education	2,359	2,236
Operations	5,009	4,561
	$ 69,727	$ 70,610

Funds are budgeted and transferred from the Endowment Fund on an as needed basis.

Note 13 Employee Loan

The home relocation loan for the previous President and Chief Executive Officer of the Foundation is secured by a first mortgage registered against the property. The term of the loan was for four years, payable in annual installments of $25,000, commencing July 1, 2006 provided that any balance owing shall become immediately payable upon termination of employment. The balance of the loan will be repaid in full in February 2009. This loan remains interest free unless the mortgagor is in default at which point the interest will be a rate of 2% above the annual Bank of Canada rate.

Note 14 Grants, Awards and Programs

The Foundation provides peer reviewed grants and awards to individuals, institutions and other entities in the areas of health research, training and knowledge transfer. It also internally operates or externally supports programs related to applied health research. Support for some of these activities is from funding outlined in Note 8. The Foundation also jointly funds programs in partnership with other national agencies.

Note 15 Other Revenue

Other revenue relates to sponsorships and registrations for Foundation conferences and programs.

Note 16 Approval of Financial Statement

These financial statements were approved by the Board of Trustees.

Note 17 Comparative Figures

Expenses have been reclassified into major categories that reflect the focus and strategic direction of the Foundation. In addition, other expenses have been consolidated.

Figures from 2007 have been reclassified to conform to the 2008 presentation.

Alberta Heritage Foundation for Science and Engineering Research

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March 31, 2008

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Schedule A *Consolidated Statement of Operations*

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Trustees of the Alberta Heritage Foundation for Science and Engineering Research

I have audited the statement of financial position of the Alberta Heritage Foundation for Science and Engineering Research as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Alberta Heritage Foundation for Science and Engineering Research as at March 31, 2008 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 9, 2008

Statement of Financial Position

as at March 31, 2008

(in thousands)	2008	2007
Assets		
Current		
Cash (Notes 3 and 4)	$ 55,178	$ 25,680
Accounts and interest receivable	211	108
Contribution receivable (Note 6)	4,772	310
Advances and prepaid expenses	17	3
	60,178	26,101
Portfolio investments - Prion Fund (Note 4)	7,882	10,920
Property and equipment (Note 5)	763	644
	$ 68,823	$ 37,665
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,719	$ 1,038
Current portion of deferred lease inducement	39	39
	1,758	1,077
Deferred lease inducement	268	307
Deferred contributions (Note 6)	64,061	37,754
	66,087	39,138
Net assets		
Unrestricted	1,973	(2,117)
Invested in property and equipment	763	644
	2,736	(1,473)
	$ 68,823	$ 37,665

The accompanying notes and schedule are part of these financial statements.

Approved by the Board

original signed by

Mr. Ronald Triffo, P.Eng.
Trustee (Chair)

original signed by

Ms. Mary Ritchie, FCA
Trustee

Statement of Changes in Net Assets

for the year ended March 31, 2008

	2008			2007
(in thousands)	Invested in property and equipment	Unrestricted	Total	Total
Balance - Beginning of year	$ 644	$ (2,117)	$ (1,473)	$ 340
Excess (deficiency) of revenue over expenses	—	4,209	4,209	(1,813)
Purchase of property and equipment	282	(282)	—	—
Loss on disposal of property and equipment	(7)	7	—	—
Amortization of property and equipment	(156)	156	—	—
Balance - End of year	$ 763	$ 1,973	$ 2,736	$ (1,473)

The accompanying notes and schedule are part of these financial statements.

Statement of Operations

for the year ended March 31, 2008

(in thousands)	2008 Budget (Note 7)	2008 Actual (Schedule A)	2007 Actual
Revenue			
Transfers from Endowment Fund (Note 9)	$ 31,700	$ 33,300	$ 21,700
Grants from Advanced Education and Technology (Note 6)	11,016	7,459	6,417
Interest and other revenue	58	—	71
	42,774	40,759	28,188
Expenses			
Grants and awards			
Ingenuity Centres	9,436	10,719	8,498
Industrial Associateships	4,874	5,008	3,297
Research Funding	8,804	3,885	3,438
Students	4,987	3,490	4,121
New Faculty Awards	2,841	2,477	1,982
Genome Alberta	—	1,817	—
Enterprise Programs	957	957	239
Fellowships	990	816	1,467
Scholars	1,271	787	725
Infrastructure Funding	1,200	620	2,200
Sponsorships	365	530	401
Program Development	106	527	101
Nano Technology Accelerator	2,547	342	—
Internships / Special Initiatives	205	13	153
	38,583	31,988	26,622
Operations			
Human Resources	2,345	2,512	1,826
Communication / External Relations	434	375	397
Peer Review	122	164	138
Strategic Intitiatives	—	28	6
	2,901	3,079	2,367
Administration			
Corporate administration	449	846	576
Governance and planning	583	481	331
Amortization of property and equipment	126	156	105
	1,158	1,483	1,012
	42,642	36,550	30,001
Excess (deficiency) of revenues over expenses	$ 132	$ 4,209	$ (1,813)

The accompanying notes and schedule are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2008

(in thousands)	2008	2007
Cash provided by (used in)		
Operating activities		
Endowment Fund transfers and investment earnings received	$ 33,295	$ 21,771
Grants and awards payments	(34,893)	(25,656)
Amount paid for operations	(2,962)	(2,175)
Amount paid for administration	(1,295)	(1,300)
NanoWorks Fund transfers and investment earnings received	6,066	—
Prion Fund CCITF earnings received	877	651
ALSI grants and investment earnings received	138	—
Genome Alberta investment earnings received	21	61
Bolger award earnings received	259	—
Water Fund transfers and investment earnings received	25,413	5,046
Income from Prion Investment Fund received	266	204
	27,185	(1,398)
Financing and investing activities		
Purchase of property and equipment	(282)	(296)
Investment in Prion Research Fund	2,634	14,196
Deferred lease inducement	(39)	63
	2,313	13,963
Increase in cash	29,498	12,565
Cash - Beginning of year	25,680	13,115
Cash - End of year	$ 55,178	$ 25,680

The accompanying notes and schedule are part of these financial statements.

Notes to the Financial Statements

for the year ended March 31, 2008

Note 1

Authority and Purpose

The Alberta Heritage Foundation for Science and Engineering Research (the "Foundation") operates under the authority of the *Alberta Heritage Foundation for Science and Engineering Research Act*, Chapter A-22, Revised Statutes of Alberta 2003, as amended. The Foundation commenced operations on April 1, 2000 and is exempt from income tax under Section 149(l)(d.1) of the *Income Tax Act*.

The Foundation supports and promotes a balanced long term program of science and engineering research based in Alberta directed to the discovery of new knowledge and application of that knowledge to improve the quality of Alberta's economy, communities and environment.

Note 2

Significant Accounting Policies and Reporting Practices

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. The precise determination of many assets and liabilities is dependent on future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable materiality and within the framework of the accounting policies summarized below:

The Foundation financial instruments include cash, accounts and interest receivable and accounts payable and accrued liabilities. Due to their nature or capacity for prompt liquidation, the fair values of these financial instruments approximate their carrying value. It is management's opinion that the Foundation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. In April 2005, the Accounting Standards Board issued new Handbook standards on financial instruments, Section 3855 and Section 3861. Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

The Foundation adopted both of the standards for the fiscal year ended March 31, 2008. As a result of adopting these new standards, the Foundation recorded non-cash charge of $351,000 to deferred contributions for the change in accounting for portfolio investments classified as available for sale and measured at fair value rather than cost at April 1, 2007. An additional $53,000 was recorded at March 31, 2008 to record the unrealized loss on portfolio investments for the current year.

a) Property and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Property, plant and equipment are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Furniture	10%
Office Equipment	20%
Computer Equipment	33%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

b) Revenue Recognition

Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Restricted contributions are deferred and recognized as revenue in the period(s) that eligible expenditures are incurred. Restricted investment income is deferred and recognized as revenue on the same basis as the underlying restricted contributions.

c) Grants and Awards Expense

Grants and awards approved by the Trustees of the Foundation are recorded as expenses when all conditions of eligibility have been met.

d) Deferred Lease Inducement

Deferred Lease inducements represent the unamortized portion of cash payments received by the Foundation for office premises. Deferred Lease inducements are being amortized on a straight-line basis over the term of the lease.

e) Investment Income

Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collect-ability. Gains and losses arising from disposals of investments are included in the determination of investment income.

Note 3 Cash

Cash consists of demand deposits in the Consolidated Cash Investment Trust Fund ("CCITF"). The CCITF is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2008, securities held by the Fund have an average effective market yield of 4.20% per annum (2007 - 4.36% per annum). Included within the Foundation's cash balance is $18.1 million (2007 - $20.6 million) and $30.0 million (2007 - $5.0 million) of restricted cash held for Prion Research and Water for Life programs, respectively.

Note 4 Portfolio Investments - Prion Fund

The Foundation's Prion Fund investments are held in the Universe Fixed Income Pool ("UFIP") established and administered by the Ministry of Finance and Enterprise. The pool is comprised of high quality Canadian fixed income instruments and related derivatives and is managed with the objective of providing above-average returns compared to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. Competitive returns are achieved through management of the portfolio duration and sector rotation. At March 31, 2008, the Foundation's percentage ownership, at market, in the UFIP was 0.08% (2007 - 0.10%).

Schedule of Investments in Fixed Income Securities ("UFIP")

	2008		2007	
(in thousands)	Cost	Fair Value	Cost	Fair Value
Fixed-income securities				
Deposits in the Consolidated Cash Investment Trust Fund	$ 105	$ 105	$ 13	$ 13
Government of Canada, direct and guaranteed	1,844	1,818	2,634	2,531
Alberta, direct and guaranteed	3	3	4	4
Other provincial, direct and guaranteed	1,009	1,032	1,448	1,513
Municipal	—	—	4	5
Corporate, public and private	5,259	4,858	6,765	6,451
	8,220	7,816	10,868	10,517
Accounts receivable and accrued investment income	150	150	111	111
Accounts payable and accrued liabilities	(84)	(84)	(59)	(59)
	$ 8,286	$ 7,882	$ 10,920	$ 10,569

a) Investment Risk Management

The Alberta Investment Management Corporation ("AIMCO") manages all of the investments held by the Foundation. Income and financial returns of the Foundation are exposed to credit risk and price risk. Credit risk relates to the possibility losses may occur from failure of another party to perform according to the terms of a contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility investments will change in value due to fluctuations in market interest rates. Market risk relates to the possibility investments will change in value due to future fluctuations in market prices. The underlying assets of the UFIP investments are not being held to maturity, so the Foundation treats these on an 'available-for-sale' basis. As at March 31, 2008, the market value of its UFIP investments was $404,000 less than the recorded cost.

To earn an optimal financial return at an acceptable level of risk, Alberta Finance and Enterprise has established an investment policy which is reviewed annually. Risk is reduced through asset class diversification, diversification within each asset class, and quality and duration constraints on fixed-income instruments. Controls are also in place respecting the use of derivatives.

Note 4

Portfolio Investments - Prion Fund *(continued)*

b) Investment Income

Investment income, by type of income and investment, is as follows:

(in thousands)	2008 Alberta Ingenuity	Prion Research	Genome Alberta	Water for Life	Other	Total	2007 Total
Net investment income by type of income							
Net realized losses on investments including derivatives	$ —	$ (102)	$ —	$ —	$ —	$ (102)	$ (617)
Interest income	—	859	21	499	78	1,457	830
Investment income	—	369	—	—	—	369	823
Security lending income	—	1	—	—	—	1	1
Administration expenses	—	(2)	—	—	—	(2)	(3)
	$ —	$ 1,125	$ 21	$ 499	$ 78	$ 1,723	$ 1,034
Net investment income by type of investment							
Income from deposits in the Consolidated Cash Investment Trust Fund	$ —	$ 859	$ 21	$ 499	$ 78	$ 1,457	$ 830
Income from Canadian Dollar Public Bond Pool	—	266	—	—	—	266	204
	$ —	$ 1,125	$ 21	$ 499	$ 78	$ 1,723	$ 1,034

Note 5

Property and Equipment

(in thousands)	2008 Cost	Accumulated Amortization	Net Book Value	2007 Net Book Value
Furniture and equipment	$ 222	$ 74	$ 148	$ 143
Computer hardware and software	459	186	273	116
Leasehold improvements	419	77	342	385
	$ 1,100	$ 337	$ 763	$ 644

Note 6

Deferred Contributions

The Ministry of Advanced Education and Technology committed to providing the Foundation with $30 million to promote, facilitate and enhance Water research within Alberta over a 7-year period, commencing in 2006-2007. $5 million was received in January 2007, with the balance of $25 million delivered in December 2007. Deferred contribution balances at March 31, 2008 are:

	2008						2007
(in thousands)	Prion Research	Genome Alberta	Water for Life	NanoWorks	Other Programs	Total	Total
Opening balance	$ 30,658	$ 1,796	$ 4,990	$ —	$ 310	$ 37,754	$ 37,899
Contribution	—	—	25,000	6,000	1,575	32,575	5,310
Investment earnings	1,125	21	499	66	12	1,723	962
Program revenues	10	—	—	—	—	10	—
Unrealized losses on available-for-sale investments	(404)	—	—	—	—	(404)	—
Repayment of ALSI Grant	—	—	—	—	(138)	(138)	—
Grants and disbursements	(5,131)	(1,817)	(485)	(2)	(24)	(7,459)	(6,417)
Ending balance	$ 26,258	$ —	$ 30,004	$ 6,064	$ 1,735	$ 64,061	$ 37,754

Deferred contributions at March 31, 2008 consist of:

	2008						2007
(in thousands)	Prion Research	Genome Alberta	Water for Life	NanoWorks	Other Programs	Total	Total
Restricted cash in CCITF	$ 18,135	$ —	$ 30,040	$ 6,064	$ 235	$ 54,474	$ 25,636
Investments	7,882	—	—	—	—	7,882	10,920
Due from advanced	—	—	—	—	1,500	1,500	310
Due from (to) unrestricted net assets	241	—	(36)	—	—	205	—
Ending balance	$ 26,258	$ —	$ 30,004	$ 6,064	$ 1,735	$ 64,061	$ 36,866

Funding through deferred contribution is restricted in its use, the contributions are deferred and recognized as revenue in the period(s) that eligible expenditures are incurred. Restricted investment income is deferred and recognized as revenue on the same basis as the underlying restricted contributions. At year-end, the Foundation held $241,000 (2007 - $925,000) in funds designated for the Prion Initiative. Under an agreement with the Ministry of Advanced Education and Technology, advances can be made quarterly from the Prion cash account to the Foundation in anticipation of forthcoming Prion expenditures.

Note 7

Budget

The budget process involves the determination of the cost for the estimated number of investigators sponsored for the Foundation's awards and meeting standards of excellence which the Foundation could support within the spending guidelines and program objectives laid out by the Board of Trustees of the Foundation. The budget was approved by the Board of Trustees on March 27, 2007.

Note 8

Executive Compensation

	2008				2007
	Base Salary (a)	Other Cash Benefits (b)	Other Non-Cash Benefits (c)	Total	Total
Chairman	$ —	$ 13,150	$ 207	$ 13,357	$ 12,545
Board of Trustees	—	68,015	1,074	69,089	72,238
President	270,000	21,600	29,054	320,654	314,210
VP - Programs (d)	165,000	—	32,101	197,101	—
Chief Financial Officer	135,000	8,000	22,881	165,881	132,377
	$ 570,000	$ 110,765	$ 85,317	$ 766,082	$ 531,370

(a) Salaries include regular base pay.

(b) Other Cash Benefits include bonuses, overtime, lump sum payments and honoraria.

(c) Other Non-Cash Benefits include the Foundation's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, Accidental Death and Dismemberment insurance, long and short-term disability plans, professional memberships and group pension.

(d) The position of VP - Programs was added in May 2007.

Note 9

Alberta Heritage Foundation for Science and Engineering Research Endowment Fund

The Endowment Fund operates pursuant to the *Alberta Heritage Foundation for Science and Engineering Research Act* and consists of endowment contributions of $721 million from the General Revenue Fund of the Province of Alberta together with cumulative earnings thereon, less cumulative transfers to the Foundation. At March 31, 2008, the book value of the net assets of the Endowment Fund was $831 million (2007 - $836 million) and the market value of the investments was $838 million (2007 - $892 million).

In the 2005 Spring session of the Alberta Legislature, the Government announced its commitment to increase the Endowment Fund by an additional $500 million. As at March 31, 2008, $200 million has been transferred to the Fund under this commitment.

For 2004-2005 and subsequent years, payments from the Endowment Fund to the Foundation in the fiscal year may not exceed 4.5% of the average of the market values of the Fund determined on March 31 of the preceding three fiscal years. Any unused portion of the amount permitted to be paid in a fiscal year may be paid to the Foundation in any subsequent fiscal year.

(in thousands)	2008	2007
Accumulated unused funding limit - Opening	$ 17,575	$ 12,385
4.5% of average market value at March 31, preceding three years	32,360	26,890
Transfers to the Foundation during the year	(33,300)	(21,700)
Accumulated unused funding limit - Closing	$ 16,635	$ 17,575

Note 10

Commitments

(in thousands)	Ingenuity Centres (a)	Other Grants and Awards (b)	Office Premises (c)	Total
2008-2009	$ 9,350	$ 17,717	$ 344	$ 27,411
2009-2010	6,480	2,665	375	9,520
2010-2011	4,511	993	376	5,880
2011-2012	4,551	539	391	5,481
2012-2013	3,477	154	400	4,031
	$ 28,369	$ 22,068	$ 1,886	$ 52,323

(a) The amounts to be paid to the Ingenuity Centres in future years will be based on budgets to be submitted by the Centres, the amount of which is not known at this time. The amounts included in the schedule above are based on the amounts budgeted for 2008-09.

(b) Commitments for Other Grants and Awards include amounts estimated to be paid under the terms of the grant agreements in future periods provided all conditions of eligibility are met by the recipient.

(c) The Foundation has entered into a 120-month lease for the Manulife office premises, which expires on January 31, 2016.

Note 11

Approval of Financial Statements

These financial statements were approved by the Board of Trustees.

Note 12

Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Schedule to the Financial Statements

for the year ended March 31, 2008

Schedule A

Consolidated Statement of Operations

for the year ended March 31, 2008

(in thousands)	Operations funded by Endowment	Prion Institute	Water Institute	Genome Alberta	Other Awards	Consolidated
Revenue						
Transfers from Endowment (Note 9)	$ 33,300	$ —	$ —	$ —	$ —	$ 33,300
Grants from Advanced Education and Technology (Note 6)	—	5,131	485	1,817	26	7,459
	33,300	5,131	485	1,817	26	40,759
Programs						
Ingenuity Centres	10,719	—	—	—	—	10,719
Industrial Associateships	5,008	—	—	—	—	5,008
Research Funding	—	3,885	—	—	—	3,885
Students	3,466	—	—	—	24	3,490
New Faculty Awards	2,477	—	—	—	—	2,477
Genome Alberta	—	—	—	1,817	—	1,817
Enterprise Program	957	—	—	—	—	957
Fellowships	816	—	—	—	—	816
Scholars	787	—	—	—	—	787
Infrastructure Funding	—	620	—	—	—	620
Sponsorships	530	—	—	—	—	530
Program Development	527	—	—	—	—	527
Nano Technology Accelerator	342	—	—	—	—	342
Internships / Special Initiatives	13	—	—	—	—	13
	25,642	4,505	—	1,817	24	31,988
Operations						
Human Resources	2,003	363	146	—	—	2,512
Communications	253	122	—	—	—	375
Peer Review	153	8	3	—	—	164
Strategic Initiatives	28	—	—	—	—	28
	2,437	493	149	—	—	3,079
Administration						
Corporate administration	512	81	251	—	2	846
Governance and planning	344	52	85	—	—	481
Amortization of property and equipment	156	—	—	—	—	156
	1,012	133	336	—	2	1,483
	29,091	5,131	485	1,817	26	36,550
Excess of revenues over expenses	$ 4,209	$ —	$ —	$ —	$ —	$ 4,209

Other Information

Audited Information

Endnotes

Statement of Remissions, Compromises and Write-offs

Statement of Guarantees and Indemnities

Endnotes

Endnote A

Surveys Conducted by an External Contractor

The final reports on the surveys mentioned below can be access at: **www.advancededucation.gov.ab.ca/pubstats/research.asp**

Survey of Post-Secondary Institution Graduates

The Post-Secondary Graduate Outcomes Surveys are conducted every other year. Graduates of publicly funded post-secondary institutions are surveyed two years after graduation. The most recent survey was conducted in 2007-08, with 17,059 interviews being conducted for 2005-06 graduates from parchment programs at 28 Alberta publicly funded post-secondary institutions. The next survey will be conducted in 2009-10.

Graduates were surveyed by telephone about their employment outcomes upon graduating, further studies undertaken, and satisfaction with the overall quality of their educational experience. For smaller institutions, a census survey method, which attempts to obtain responses from all graduating students, was used. The larger institutions used a quota sampling method, which targeted achieving a response rate of 60%.

Only graduates of parchment programs (i.e. certificate, diploma and degree programs) were surveyed. The targeted number of responses was set to achieve a 95% confidence level, by institution, with a 5% confidence interval (or better). Results are reported across each of the following types of institutions: all universities combined, all university colleges combined, all colleges combined and all technical institutes combined. Results presented are the combined percentages of respondents who were *very satisfied / satisfied*, or who *strongly agreed / agreed*. *No responses* were excluded.

The results of surveys conducted prior to 2005-06 are not comparable to the survey results from the 2005-06 and 2007-08 surveys because of changes in survey methodology. The 2005-06 and 2007-08 surveys used a four-point scale for questions related to graduate satisfaction (*very satisfied, satisfied, dissatisfied* and *very dissatisfied* categories), whereas previous surveys used a five-point scale (including a middle *neutral* response category).

Institution Type	Completed Interviews	Confidence Interval
Universities	8,652	±0.8%
Public Colleges	5,191	±1.0%
Technical Institutes	2,802	±1.4%
Private University Colleges	414	±3.0%
System Total	17,059	±0.5%

The 2007-08 survey was coordinated by Alberta Advanced Education and Technology to ensure consistent implementation of the survey among all participating post-secondary institutions, using a common survey methodology and time frame. The survey was conducted between January and April of 2008 by an independent third-party contractor. The question set used will be in the next update of the *Key Performance Indicators Reporting Manual for Alberta's Post-Secondary Institutions*, available online at: **www.advancededandtech.gov.ab.ca/software**

Survey of Apprenticeship Graduates

Surveys of recent apprenticeship graduates are conducted every other year. The last survey was conducted in 2007, with 3,117 interviews of apprentices who had graduated between August 1, 2005 and July 31, 2006. Graduates were surveyed by telephone about their satisfaction with the apprenticeship and industry training system. Survey findings were published in the report *Survey of 2005-06 Graduates of the Apprenticeship System - Key Performance Indicators*, May 14, 2007. The percentages of Alberta apprenticeship training system graduates who were *somewhat satisfied* or *very satisfied* with the quality of their on-the-job training and technical training are reported.

Satisfaction questions are based on a four-point scale. Satisfaction rates are based on those respondents who report being *somewhat satisfied* or *very satisfied*. The percentage is calculated by dividing the sum of the *somewhat satisfied* and *very satisfied* by the total number of survey respondents, including the *don't know* responses to these questions.

Not all apprenticeship graduates completed a technical training component as part of their apprenticeship program. As a result, respondents who had not completed any technical training or who had completed their technical training prior to starting their apprenticeship were omitted from this portion of the analysis. This represents about 13% of the apprentice graduate population.

In order to provide detailed analysis by trade group, training institute and region, the sampling frame included a census of the populations of both cohorts, with a minimum number of completed interviews attained for each cohort. The following table provides the sample size and confidence interval for each cohort.

Cohort	Completed Interviews	Confidence Interval
Graduates who attended technical training and completed on-the-job training requirements of their trade in the 2005-06 school year.	2,268	±1.1%
Graduates who completed their apprenticeship program in the 2005-06 school year, but did not attend technical training in that year.	1,569	±1.6%
Total	3,837	±0.9%

Based on the sampling method identified above, a minimum of 3,837 completed interviews was to be conducted from the two cohorts. The population of 2005-2006 graduates of apprenticeship training was split 55% to 45% respectively between those who completed both their technical training and on-the-job training requirements in the 2005-2006 school year, and those who had completed their technical training prior to the 2005-2006 school year (or were not required to take any technical training during their apprenticeship).

Despite the shortfall in the number of expected survey completions, overall survey results provide a margin of error of no greater than ±1.2% at the 95% confidence level or 19 times out of 20, and does not impact the quality of the results reported. Based on the outcome of all call attempts, an overall response rate of 58% was achieved for Cohort 1 and 48% for Cohort 2, with an overall response rate of 53%.

Public and Employer Surveys

Alberta Advanced Education and Technology collaborated with Alberta Education to commission telephone surveys of random samples of the Alberta public and key client groups. The purpose of these surveys is to obtain perceptions of how the education system is performing in meeting learners' and society's needs and expectations. Professional survey research firms are contracted to conduct the surveys, using trained interviewers and the Computer-Assisted Telephone Interviewing (CATI) system. Survey results are compiled by the survey research firms and provided to the two ministries. Surveys of the public are conducted annually. The Employer Satisfaction Survey is conducted every second year, last conducted in 2007-08.

The following table provides historical sampling information for the public and employer surveys. The information includes the respondent groups surveyed, sample sizes and the confidence intervals for results from the survey. Results are considered accurate within the confidence interval 19 times out of 20 (i.e. at a confidence level of 95%). Sampling variation can account for observed differences in results from year to year.

Survey	Public (re adult learning system)		Adult Learners		Adults not participating in learning		Employers	
	Sample	Confidence Interval	Sample	Confidence Interval	Sample	Confidence Interval	Sample	Confidence Interval
2003-04	3,000	±1.8%	1,000	±3.1%	2,000	±2.2%	2,000	±2.2%
2004-05	3,000	±1.8%	1,035	±3.0%	1,965	±2.2%	—	—
2005-06	3,000	±1.8%	1,049	±3.0%	1,951	±2.2%	2,200	±2.0%
2006-07	3,000	±1.8%	986	±3.1%	2,014	±2.2%	—	—
2007-08	3,000	±2.2%	972	±3.1%	2,028	±2.2%	2,201	±2.1%

The survey instruments for these surveys use four-point response scales (*very satisfied / satisfied / dissatisfied / very dissatisfied* or *strongly agree / agree / disagree / strongly disagree*), depending on the question. Although not asked, *don't know* responses and refusals are recorded as well. Results presented are the combined percentages of respondents who were *very satisfied / satisfied*, or who *strongly agreed / agreed*.

The public survey results were published May 2008 in the report *Satisfaction with Education in Alberta, Survey of Public/Adult Learners/Adult Non-Learners 2007/08*. The last employer results were published February 2008, in the report *2007-08 Employer Satisfaction Survey*.

Endnote B

Use of Confidence Intervals for Interpreting Survey Results

When a result is obtained by surveying a random sample of the target population (e.g. the public, employers, graduates), there is a confidence interval associated with the result, which is expressed as a percentage above and below the obtained result. A confidence interval indicates how much variation one might expect from the obtained survey result, as a consequence of sampling and diversity among respondents. Differences in survey results over time or among respondent groups on the same survey question are reported at the ".05 level of confidence" (i.e. the same results would be obtained in repeated sampling 19 times out of 20).

In Alberta Advanced Education and Technology's Annual Report, confidence intervals are used to determine:

- whether differences in survey results over time are likely the result of sampling variations, or represent actual change, and
- whether differences among respondent groups to the same question are likely the result of sampling variations or represent actual differences.

When comparing results of survey questions over time or among respondent groups, there is an actual difference between two survey results, 19 times out of 20, if there is no overlap between the confidence intervals of the two observed values. When this is the case, it is acknowledged in the related text that there is an increase, change or significant difference in survey results over time or among groups. When the confidence intervals of the two observed values do overlap, the observed difference will be due to sampling variation 19 times out of 20, and we cannot conclude that the difference is real (i.e. "significant"). In such cases, the related text indicates that results are similar or stable over time or among groups.

The following hypothetical examples illustrate:

a) two survey results where the confidence intervals overlap and, consequently, it is concluded that there is no real difference between the two survey results.

Example: Where two survey results are 76% and 80%, both with a confidence interval of 2.5%, then the upper limit of the confidence interval for the "76%" result is 78.5%, and the lower limit of the confidence interval of the "80%" result is 77.5%. Since the confidence intervals "overlap", it cannot be concluded that there is a real difference between the two survey results, as the observed difference could be due to sampling variation.

b) two survey results where the confidence intervals do not overlap and, consequently, it is concluded that there is a real difference between the two survey results.

Example: If the two survey results are 74% (with a confidence interval of 2.5%) and 80% (also with a confidence interval of 2.5%), the upper limit of the confidence interval for the "74%" result is 76.5%, and the lower limit of the confidence interval of the "80%" result is 77.5%. Since the confidence intervals "do not overlap," it can be concluded that there is a real difference between the two survey results, as sampling variation alone does not account for the observed difference. In such cases, the related text indicates that there is a significant difference over time (i.e. an increase or decrease) or between groups.

Endnote C

Statistics Canada's Labour Force Survey

The Labour Force Survey (LFS) is a monthly Canada-wide survey, conducted by Statistics Canada, of a representative sample of households in the provinces and territories. Data are collected on all members of the household who are 15 years of age or older. Persons living on Indian Reserves, inmates of institutions, and full-time members of the Canadian Armed Forces are excluded from the survey.

The Canadian sample size for the LFS averaged 53,372 households over the reporting period. Alberta's sample size corresponds to its share of the population. In 2007, between 5,133 and 5,307 Alberta households were surveyed each month (an average of 5,244 per month), with information provided on between 10,307 and 10,668 individuals per month.

The definition of post-secondary education for the post-secondary completion rates performance measure was expanded in the 2005 reporting year. Previously, only college and university participation rates were included in the measure. The measure reported in this annual report was expanded to include other post-secondary education. The other category, as defined by Statistics Canada, includes those who report attending institutions such as English as a second language or taking French language courses that do not qualify as high school, college or university education; computer and business skills programs other than those offered by colleges or universities; culinary, hairdressing or bartending schools; and police academies. Including the other category makes the measure more inclusive, in keeping with the direction of the ministry to encourage all types of advanced learning.

To capture information on Aboriginal Albertans, Alberta Advanced Education and Technology, along with other government departments, has contracted Statistics Canada to over-sample the Aboriginal population in the LFS, to improve the quality of data available on Aboriginal educational and labour market outcomes. Aboriginal identifier questions were added to the Alberta LFS and the sample was increased. Increased sampling was undertaken in urban centres such as Edmonton, Calgary, Lethbridge and Red Deer, with significant Aboriginal populations. Between 329 and 433 Alberta households containing Aboriginals were surveyed each month in 2007, with information provided on between 321 and 407 Aboriginal individuals aged 25-64 each month and a total of 4,352 over the year.

The coefficient of variation (the standard error as a percentage of the reported result), which measures the accuracy of the Labour Force Survey's estimates, varies and is proportional to the size of the age groups. In general, the larger the head count in each age group, the higher the accuracy. Below is a table showing the sizes of the age groups and the associated coefficients of variation.

Population	Age Group	Average Monthly Count of Persons *	Coefficient of Variation
All Albertans	18-34	3,322	less than ±2.5%
	25-64	7,231	±1.0%
Aboriginal Albertans	25-64	363	±5.2%

* approximate number

Additional information on the Labour Force Survey methodology and interpreting CVs is available on pages 26-31 of the Guide to Labour Force Survey, Catalogue no. 71-543-GWE (Revised April 2007), available online from Statistics Canada: **www.statcan.ca**

Endnote D

Learner Enrolment Reporting System

The Learner Enrolment Reporting System (LERS) is a database used by the department to track changes in learner demographics and characteristics in the advanced education system. Alberta publicly funded institutions submit their enrolment data in credit programs to the department where it is reviewed. Enrolment data are subject to a host of accountability constraints and are signed off by institutional and department officials as correct. Data for Alberta's publicly funded institutions are reported in LERS for the academic year (May to April for universities, July to June for colleges and technical institutes and May to April for private universities colleges). Finalized data is available in the fall for the previous school year.

Endnote E

International Visa Students Registered at Alberta Post-Secondary Institutions

International student participation is a measure of the quality of the advanced learning system. Change in enrolment over time is an indicator of the department's success in achieving international recognition and increasing international visa student participation.

The total number of international students has been defined as the total unduplicated headcount of students who require a visa to study in Canada and are physically attending a publicly-funded post-secondary institution in Alberta at some point during the academic year. Learners taking online classes from their home country are not included in this measure. Data are provided by institutions and stored in the Learner Enrollment Reporting System (LERS).

See Endnote D (p. 153) for information on LERS.

Endnote F

High School to Post-Secondary Education Transition Rate

The high school to post-secondary transition rate reports the percentages of Alberta students in public, separate, francophone, charter, and private schools who, within four and six years of starting Grade 10:

- enrolled in a credit program, part-time or full-time, in an Alberta post-secondary institution, or
- registered in an apprenticeship program other than the Registered Apprenticeship Program for high school students.

Students are tracked using data from Alberta Education and Alberta Advanced Education and Technology systems. The high school to post-secondary transition rate includes adjustments for attrition and for attendance at post-secondary institutions out of province. Attrition adjustments are based on estimates from Statistics Canada's Annual Demographic Statistics 2006® (CD-ROM). The estimate of Alberta students attending post-secondary institutions out of province uses aggregate student counts from Alberta Advanced Education and Technology's enrolment and Students Finance systems. Students whose education is not the responsibility of the provincial government, as well as students who are identified as having cognitive disabilities or a severe multiple disability are not included in the high school to post-secondary transition rates. A more detailed description of the methodology, along with post-secondary transition rates for Alberta school jurisdictions, is available online at:

www.education.alberta.ca/department/ipr/studentoutcomes/transition.aspx

Endnote G

New Apprentice Registrations

Apprenticeship registrations are a key factor in addressing critical skill shortages. Participation in apprenticeship training is increasing due to the high demand for journeypersons. The ability to attract learners into the apprenticeship system is influenced by economic circumstances and employer willingness to employ and sign on more apprentices. Therefore, the department's ability to impact this measure is limited.

The number of new apprentice registrations is for the calendar year ending December 31. This measure is based on a five-year average calculation of the number of new registrations. An average is taken in order to smooth out any sharp rises or drops in the level that could occur in a particular year. The 2007 figure is based on averaging registrations from 2003 to 2007.

New apprentices include all apprentices that register during the calendar year. It includes those returning to do an additional apprenticeship after completing one or more apprenticeships in previous years and those continuing an apprenticeship in another trade for which they registered in a previous year. Apprentices who registered in more than one trade or branch of a trade within the year are counted only once. The number does not include re-instated apprentices (unless re-instated in the same year).

The source of this data is Advanced Education and Technology's Skilled Trades Information System (STIS). STIS is a dynamic database system, which is updated constantly by field staff across the province. Therefore, the data generated is only as up-to-date as the last update provided from staff. The data is not frozen and results can vary if pulled at different points in time. As a result, this data will not be able to be replicated from STIS at a later date.

Endnote H

Participation of Aboriginal Learners in Apprenticeship

Apprenticeship registrations are a key factor in addressing critical skill shortages. Participation in apprenticeship training is increasing as a result of the very busy economy and initiatives aimed at increasing the number of Aboriginal learners in the trades.

This measure is based on the number of registrations of Aboriginal learners at year end (December 31). Aboriginal status is self-disclosed, so the count of registrations may be lower than the actual number of Aboriginal persons participating in apprenticeship. Aboriginal apprentices who registered in more than one trade or branch of a trade within the year are counted only once.

This measure includes Aboriginal apprentices registered in Alberta's apprenticeship and industry training system, but who reside in other Canadian jurisdictions. Alberta provides technical training for apprentices from other provinces and territories where the trade is designated, but the jurisdictions are unable to provide the training due to small apprentice registration numbers. Alberta does not issue these individuals a certificate. In 2006 and 2007 there were three, and in 2005 there were no such Aboriginal apprentices participating in Alberta's apprenticeship and industry training system.

The source of this data is Advanced Education and Technology's Skilled Trades Information System (STIS). See Endnote G (p. 154) for information on STIS. To ensure that the data provided clearly represents of the number of Aboriginal apprentices participating in the apprenticeship and industry training system, 246 Aboriginal apprentices that had not progressed in their program during the 18 months prior to the data being extracted on January 1, 2008 were removed from the 2007 total.

Endnote I

Participation of Aboriginal Learners at Post-Secondary Institutions

Aboriginal participation at post-secondary institutions is a measure of the system's ability to attract diverse learners. Monitoring this information and observing the changes in enrolment over time is an indicator of the ministry's success in increasing Aboriginal learner participation in post-secondary education.

Aboriginal participation in post-secondary education is measured by the total unduplicated headcount of Aboriginal learners who have registered at publicly funded post-secondary institutions. Data are collected from the institutions and entered into the Learner Enrollment Reporting System (LERS). Learners who self-identified as Status Indian/First Nations, Non-Status Indian/First Nations, Métis, or Inuit were included in the count. Aboriginal status is self-disclosed; therefore the count of registrations may be lower than the actual number of Aboriginal learners participating in the system.

The methodology for this measure includes all Aboriginal learners participating at Alberta's publicly funded post-secondary institutions. Previously, the measure only tracked Aboriginal Albertans participating in the system. The new methodology better captures the system's ability to attract Aboriginal learners.

See Endnote D (p. 153) for information on LERS.

Endnote J

Graduates who Received the Transfer Credit they Expected

The percentage of post-secondary graduates with prior learning who reported they had received the transfer credit they expected is an indicator of the ability of the system to help students achieve desired outcomes. Additionally, the measure offers insight into collaborative transfer arrangements between Alberta's post-secondary institutions.

In the *Alberta Post-Secondary Graduate Outcomes Survey, Class of 2005-06*, graduates with prior learning were asked if they received the transfer credit they expected. Results reported include only those who responded *yes* (other response options included *no*, *don't know* and *no response*). Graduates are surveyed two years after graduation.

See Endnote A (p. 151) for information on the Post-Secondary Graduate Outcomes Survey.

Endnote K

Graduates' Satisfaction that their Program was Worth the Financial Cost

The percentage of post-secondary graduates who agree that the program they graduated from was worth the financial cost is an indicator of the ability of the system to help students achieve desired outcomes.

Data comes from the *Alberta Post-Secondary Graduate Outcomes Survey, Class of 2005-06*. Graduates surveyed two years after graduation were asked if they considered the program they graduated from to be worth the financial cost to themselves and/or their family. Responses for those who *agree* or *strongly agree* were combined to obtain the percentage of graduates who agree that the program they graduated from was worth the financial cost.

See Endnote A (p. 151) for information on the Post-Secondary Graduate Outcomes Survey.

Endnote L

Public Agreement that Post-Secondary Education is Accessible

Public satisfaction that courses, programs and classes are offered in locations that are accessible is an indicator of accessibility of post-secondary education.

Through the annual public survey, Albertans are asked how satisfied they are that "programs, classes or courses you want are offered in locations (including on-line) that are easily accessible for you." The satisfaction levels are the combined percentages of those *satisfied* and *very satisfied*.

See Endnote A (p. 151) for information on Education and Advanced Education and Technology's Public Survey.

Endnote M

Ratio of Debt at Graduation to Income Two Years After

The ratio of graduates' income two years after graduation to debt at graduation is a measure of the ability of learners to afford and attend post-secondary education considering their employability after graduation. A lower ratio of debt to income is indicative of lower debt levels of students and/or higher incomes after graduation.

The Graduate Outcomes Survey targets graduates two years after graduation. This measure is based on graduates who had debt at the time of their graduation and were employed two years after graduation. The ratio of debt to income is calculated by dividing median debt by median income. Graduates who did not accumulate any debt by graduation or were not employed two years after graduation were not included in the calculations as they would have skewed the results.

See Endnote A (p. 151) for information on the Post-Secondary Graduate Outcomes Survey.

Endnote N

Scholarship Dollars per Full-Time Student

Scholarship dollars per full-time student provides a snapshot of the ministry's ability to fulfill one of its strategic priorities of ensuring quality and innovation in the advanced learning system.

The scholarship dollars per full-time student is determined by the total scholarship expenditures divided by the total number of full-time students in Alberta's post-secondary institutions. Scholarship expenditure data comes from Alberta Advanced Education and Technology's Learner Assistance Sector and includes department expenditures on Achievement Scholarships. Enrolment data comes from the Learner Enrollment Reporting System (LERS).

See Endnote A (p. 151) for information on the Post-Secondary Graduate Outcomes Survey.

See Endnote D (p. 153) for information on LERS.

Endnote O

Government of Alberta Expense used to Support Innovation

Innovation is comprised of science and technology and also other sources of new ideas that lead to new and improved products and services. Science and technology is comprised of research and development and also related science activities, which are reported annually by all Government of Alberta (GOA) ministries in a Statistics Canada report. The most recent is *Scientific Activities of the Government of Alberta 2006-07 and 2007-08 Estimates Survey Results, May 2008*.

GOA investments to support innovation totaled $871.5 million in 2006-07. The actual total expense of the GOA in 2006-07 was $29,665 million. These numbers were used to calculate the percentage of GOA expense used to support innovation.

The information is reported annually by all GOA departments. Statistics Canada, under contract with Advanced Education and Technology, collects the research and development and related scientific activity data from GOA departments following internationally accepted guidelines and definitions, documented in the Frascati manual by the Organisation for Economic Co-operation and Development. In addition, ministry staff obtains from other departments expenditures on innovation supporting activities. The most recent audited information is used, which is for the fiscal year before the reporting period.

Some of the GOA programs and investments supporting innovation in the province are:

- The Innovation Program, administered by Advanced Education and Technology on behalf of the GOA.
- The Industry and Regional Development, Trade and Investment, investments carried out by Alberta Economic Development.
- The Innovative Energy Technology Program, administered by Alberta Energy which supports the adoption and use of innovative energy technologies. It provides royalty adjustments to a number of specific pilot and demonstration projects that use innovative technologies to increase recoveries from existing reserves and encourage responsible development of oil, natural gas and in-situ oil sands reserves.
- In 2006-07, the Alberta Heritage Foundation for Medical Research received a $150 million top up to its endowment in 2006-07 and Alberta Ingenuity received a $100 million top up to its endowment.

Endnote P

Albertans Employed in Knowledge-Intensive Companies

The number and percentage of employees in knowledge-based (high-tech) companies is a measure of Alberta's research and innovation capability. Alberta knowledge-intensive (high-tech) company employment information comes from Statistics Canada's Labour Force Survey. See Endnote C (p. 153) for more information on the Labour Force Survey.

Knowledge-intensive (high-tech) companies are defined by North American Industry Classification System (NAICS). The following NAICS codes comprise the High-Technology Sector:

3254 - Pharmaceutical and Medicine Manufacturing
334 - Computer and Electronic Manufacturing
3353 - Electrical Equipment Manufacturing
3359 - Other Electrical Equipment and Component Manufacturing
3364 - Aerospace Product and Parts Manufacturing
5112 - Software Publishers
5152 - Pay and Specialty Television
516 - Internet Publishing and Broadcasting
517 - Telecommunications
5182 - Data Processing, Hosting, and Related Services
5191 - Other Information Services
5413 - Architectural, Engineering and Related Services
5415 - Computer Systems Design and Related Services
5416 - Management, Scientific and Technical Consulting Services
5417 - Scientific Research and Development Services
6215 - Medical and Diagnostic Laboratories
8112 - Electronic and Precision Equipment Repair & Maintenance

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Endnote Q

Canadian Venture Capital Invested in Priority Areas

Venture capital is a measure of the capacity available to support an innovative and globally competitive economy. The ministry's ability to impact venture capital investment is limited; however, the ministry is taking action to increase venture capital investment in the province.

Data on Canadian venture capital comes from the VCAnalyst system provided by Thomson Financial, the premiere source of venture capital information in Canada, at **www.canadavc.com**. The amount of VC funds invested in Canada and the provinces is collected within the following parameters:

- Data are collected for Quarters 1, 2, 3 and 4 of Year One.
- Data are collected for both new funding and follow-on funding.
- Data are collected for the life sciences, information and communications, and other technology (energy and environmental).
- Data are not collected for traditional industries (i.e. retail and manufacturing).
- Data are collected for early stage deals (seed and start-up) and expansion stage deals.
- Data are not collected for later stage deals (mezzanine, turnaround, etc.).
- Data are collected for all size deals (i.e. $500,000 through $5 million).

The data is stored in a dynamic database, which can have data added to earlier periods at a later date. Thus, data can be more accurate at later dates when additional information becomes available. Data for 2007 was retrieved from the system on June 20, 2008.

Endnote R

Business Expenditure on Research and Development

This is a measure of the Government of Alberta's influence on business expenditures on research and development (R&D), through the research funding programs that, as part of the proposal evaluation process, considers business investment in the proposed projects as a factor in funding decisions.

The data were obtained from Statistics Canada's report *Science Statistics* published in December 2007. Catalogue 88-001-XWE.
www.statcan.ca/english/freepub/88-001-XIE/88-001-XIE2007008.pdf

Statistics Canada obtains R&D data from research performers. Businesses are surveyed annually by Statistics Canada. This measure tracks the amount of funding provided by businesses regardless of which performing entity spent it. Provincial level data, including Alberta's data, lags by two years due to the information gathering and analysis process. Additional information on Statistics Canada's methodology can be found at:
www.statcan.ca/cgi-bin/imdb/p2SV.pl?Function=getSurvey&SDDS=4201&lang=en&db=IMDB&dbg=f&adm=8&dis=2

Historical results (2002 to 2004) have been revised by Statistics Canada to reflect new information available on business expenditures on research and development in Alberta.

Endnote S

Total Sponsored Research Revenue Attracted by Alberta Universities

This measure provides a measure of the value of sponsored research at Alberta universities. The funding sources include the provincial government, industry and non-profit organizations, and the federal government.

Sponsored research revenues are those received outside of the university base operating grant and include both research grants and research contracts. This performance measure reflects research capability in Alberta through the success of its major universities in attracting sponsored research funding from several sources.

The data is provided to Advanced Education and Technology by the University of Alberta, the University of Calgary, the University of Lethbridge and Athabasca University. The universities submit the data using a template and guidelines which outline the information required and specific instructions regarding how the revenue should be reported. This ensures that the data submitted is comparable across universities. The universities derive the data from audited financial statements and supplementary schedules. The reported data is compiled and analyzed by Advanced Education and Technology in the Research Funding at Alberta Universities Report. The time required to compile data means that the last actual report lags one year behind the reporting cycle. The practice has been to use the target in the reporting year as the benchmark against which to compare the last actual performance.

The report can be accessed from the Advanced Education and Technology web site at:
www.technology.gov.ab.ca/objects/content_revision/download.cfm/revision_id.130540/workspace_id.129427/2006%20-%202007%20Research%20Funding%20at%20Alberta%20Universities.pdf

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Endnote T

Total Sponsored Applied Research Revenue Attracted by Alberta Technical Institutes and Colleges

Total sponsored research revenue attracted by Alberta technical institutes and colleges measures the growth of the research capacity and capability of technical institutes and colleges in the province.

The data is reported based on standardized sponsored research reporting templates submitted by each institution to the Ministry of Advanced Education and Technology. Questions from the institutions about the guidelines, reporting of data and the final data collection are directed to a representative of Advanced Education and Technology. The data are compiled by the department representative and verified by a manager before it is reported in the business plan.

The 2005-06 data has been revised from $6.7 million to $3.7 million due to a revision of technical institute data.

Endnote U

Graduate Students Studying in Alberta

Building a highly skilled and qualified workforce means building research and innovation capacity in the province. Graduate students studying in the system conduct research and do innovative work adding to Alberta's research capacity.

A graduate student is defined as a person enrolled in a program leading towards a master or doctoral level degree, as well as those enrolled in post-degree certificate and diploma programs containing courses that are equivalent to those offered in masters or doctoral programs.

A learner participating in a graduate level course counts as one student. The measures do not differentiate between part-time and full-time learners or between Masters, PhD and Post Doctorate students. Data comes from the Learner Enrollment Reporting System (LERS). See Endnote D (p. 153) for information on LERS.

Data for the number of graduate students studying in Alberta in 2004-05 and 2005-06 have been restated to correct for graduate codes that were missing from the data previously reported in Advanced Education and Technology's 2006-07 Annual Report and 2007-10 Business Plan. New targets have been set in the 2008-11 Business Plan to reflect the change in the data.

Having people with the right skills and knowledge is what will drive Alberta's economy and position Alberta for success. The proportion of graduate students studying in the priority areas of energy, life sciences, nanotechnology, and information and communications technology (ICT) is a new measure.

Graduate level programs within the following categories were selected and reviewed for fit with the priority areas of energy, life sciences, ICT, and nanotechnology by a ministry working group.

- Biology
- Agriculture
- Computer and Information Science
- Engineering
- Health Research
- Mathematics
- Natural Resources and Conservation
- Physical Sciences
- Multi/Interdisciplinary Studies
- Science Technologists/Technicians

Endnote V

Investments in Priority Research Areas

This measure provides a provincial perspective on research investments made by the Government of Alberta (GOA) against other sources, such as the federal government and industry. The ratio of investments shows the relevance of the project to, and alignment of industry or other funding partners' priorities with, GOA strategic priority areas.

The ministry tracks investments in energy, information and communications technology (ICT) and life sciences research. GOA and non-GOA investments are tracked in the Grantium database.

Grantium is a complete Enterprise Grants Management software solution used by Advanced Education and Technology to consolidate/automate the life-cycle process for grant programs. It provides web access to information about grant programs and common web links that explain the grant program to prospective applicants. The database manages all stages of pre- and post-award grant processing. Project information is submitted to the department by the applicant, where it is reviewed and verified by program staff. The workflow in the database is configured to ensure data integrity. The data is reviewed by ministry contacts. Contacts review reports and input updates to the Grantium database as the reports are received, to support the accuracy of the data.

Data for all three ratio measures comply with the Leverage Measure Guidelines, last revised in 2008. All administrative streams are excluded.

Data for the ratio of private and other public investments in energy research comes from the Grantium database.

Data for the ratio of private and other public investments in life sciences research comes from the Grantium database and the Strategic Investments Reporting Database. The Ministry of Advanced Education and Technology obtains data from active research agreements and enters it into the Strategic Investments Reporting Database. Information is added after research agreements are signed and updated or when the agreements are amended or more recent information becomes available.

Data for the ratio of private and other public investments for ICT comes from the Grantium database and iCORE. Researchers funded through iCORE are required to submit an annual report by May 15. The annual report contains details on all funding obtained, including funding sources. iCORE consolidates the information from researchers to derive this measure. The information is also cross-validated with other sources. This measure is referenced in the Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures (p. 18) as an exception due to third party information reliability issues.

The three performance measures have been removed from the 2008-11 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project.

Endnote W

iCORE Awards

The measure is a summary of the data from contracts iCORE has with the universities to fund Major Awards and Graduate Student Awards. An electronic database of contract information is maintained which generates reports on counts of contracts and individuals. iCORE submits data to the ministry, then management reviews the data before the respective report is finalized.

Major Awards include: research chairs, research professors and industry research chairs. In the case of a co-award, where two people share a major award, this is counted as two awards as there are two people who receive the title and funding. In 2007-08, there was one co-award. In instances where one person received two awards (a research chair and an industry chair), each award is counted separately. In 2007-08, there were two people who each received two awards for a total of four awards.

iCORE has board-approved criteria and processes for granting graduate student awards. For each graduate student, the criteria are checked and the award is made.

Statement of Remissions, Compromises and Write-offs

for the year ended March 31, 2008

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal period.

	(in thousands)
Remissions under Section 21 of the *Financial Administration Act*	
Total remissions	$ 27,394
Compromises under Section 22 of the *Financial Administration Act*	
Total compromises	151
Write-offs	
Total write-offs - Implemented Guarantees, Indemnities, Loans and Advances - Section 20 of the *Student Financial Assistance Act*	919
Total remissions, compromises and write-offs	$ 28,464

Statement of Guarantees and Indemnities given by the Crown and Provincial Corporations

for the year ended March 31, 2008

The following has been prepared pursuant to Section 75 of the *Financial Administration Act*. The statement summarizes the amounts of all guarantees given by the Crown through the Ministry of Advanced Education under the *Student Loan Act* for the year ended March 31, 2008, the amounts paid as a result of liability under guarantees, and the amounts recovered on debts owing as a result of payments under guarantees.

(in thousands)	Amount of Guarantee	Payments	Recoveries
Crown Guarantees	$ —	$ 613	$ 1,392

Alphabetical List of Government Entities' Financial Statements

Entities included in the Consolidated Government Reporting Entity

Entities not included in the Consolidated Government Reporting Entity

Government Entities' Financial Statements in Ministry 2007-08 Annual Reports

Entities included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund	Advanced Education and Training
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board[1]	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Investment Management Corporation[2]	Finance
Alberta Local Authorities Pension Plan Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
Alberta Utilities Commission[1]	Energy
ATB Insurance Advisors Inc.	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Securities Inc.	Finance
Child and Family Services Authorities	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Métis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund[3]	Environment
Credit Union Deposit Guarantee Corporation	Finance

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1. *Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.*
2. *Began operations January 1, 2008.*
3. *Began operations July 1, 2007.*

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Colleges	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Energy Resources Conservation Board[1]	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[4]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council[4]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[4]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[4]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[4]	Justice

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[1] *Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.*

[4] *The ministry includes only the department. A separate departmental financial statement is not necessary.*

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta[4]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board[4]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[5]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	

[4] *The ministry includes only the department. A separate departmental financial statement is not necessary.*

[5] *Ceased operations June 30, 2006.*

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
School Boards and Charter Schools *(continued)*	Education
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
School Boards and Charter Schools *(continued)*	Education
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

Entities not included in the Consolidated Government Reporting Entity

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Rresearch	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Service Alberta
Long-Term Disability Income Continuance Plan - Management	Service Alberta
Opted Out and Excluded Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Plan Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Publicly Funded Post-Secondary Institutions

Main Campuses

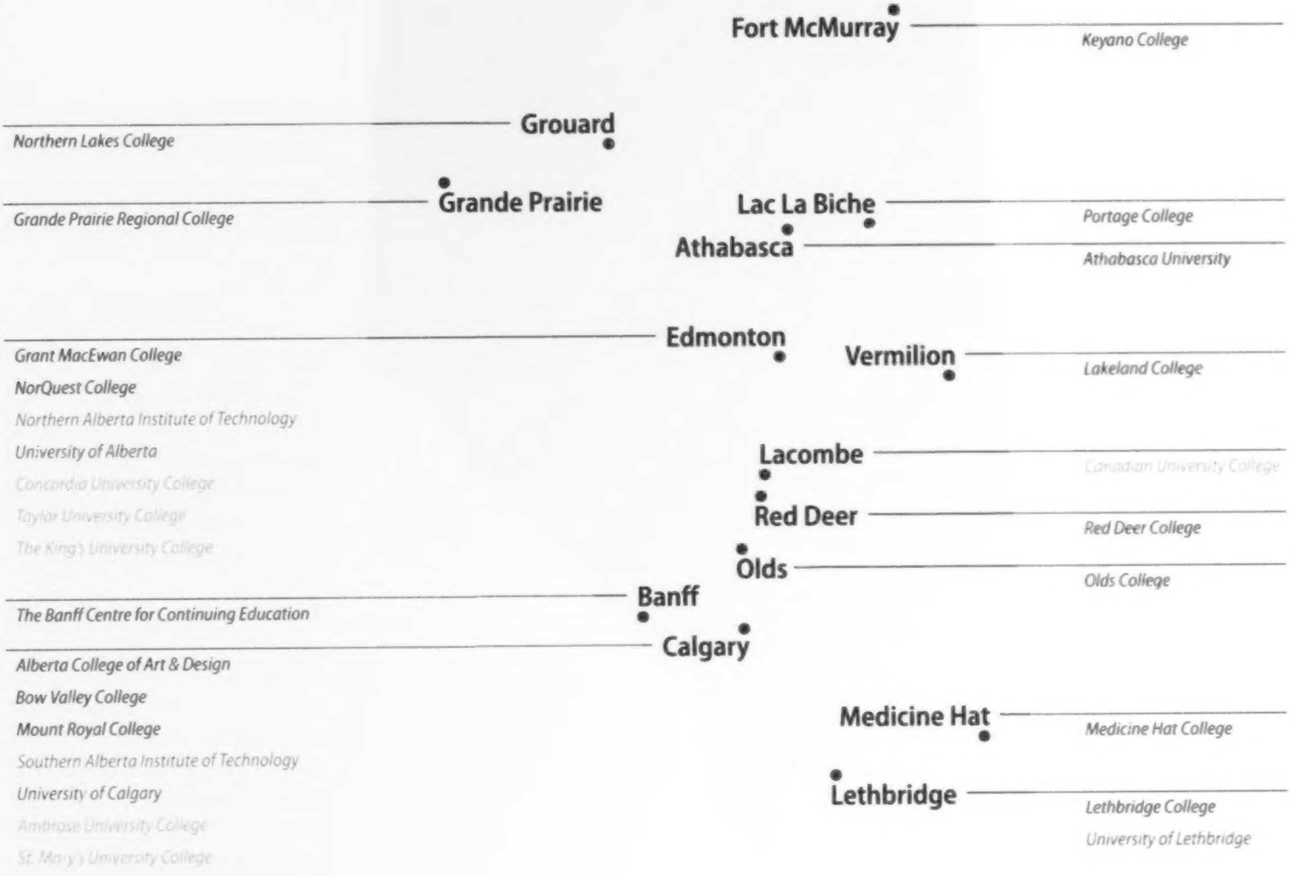
College

Technical Institute

University

Banff Centre

Private University College


Fort McMurray
Grouard
Grande Prairie
Lac La Biche
Athabasca
Edmonton
Vermilion
Lacombe
Red Deer
Olds
Banff
Calgary
Medicine Hat
Lethbridge

Fort McMurray	*Keyano College*
Grouard	*Northern Lakes College*
Grande Prairie	*Grande Prairie Regional College*
Lac La Biche	*Portage College*
Athabasca	*Athabasca University*
Edmonton	*Grant MacEwan College* *NorQuest College* *Northern Alberta Institute of Technology* *University of Alberta* *Concordia University College* *Taylor University College* *The King's University College*
Vermilion	*Lakeland College*
Lacombe	*Canadian University College*
Red Deer	*Red Deer College*
Olds	*Olds College*
Banff	*The Banff Centre for Continuing Education*
Calgary	*Alberta College of Art & Design* *Bow Valley College* *Mount Royal College* *Southern Alberta Institute of Technology* *University of Calgary* *Ambrose University College* *St. Mary's University College*
Medicine Hat	*Medicine Hat College*
Lethbridge	*Lethbridge College* *University of Lethbridge*

Contact Information

Organization	Phone	Toll Free	Website
Advanced Education and Technology			
Minister's Office	780-427-2025	310-0000	www.advancededandtech.alberta.ca
Deputy Minister's Office	780-415-4744		
Adult Learning	780-427-5607		
Apprenticeship and Industry Training	780-422-1185		
Research	780-422-1120		
Technology Commercialization	780-415-8369		
Policy and Planning	780-427-2649		
Communications	780-422-5400		
Finance and Administration	780-427-2648		
Human Resources	780-427-2210		
Entities			
Access to the Future Fund	780-644-3183	310-0000	www.advancededandtech.alberta.ca/college/aff/
Alberta Research Council	780-450-5111	—	www.arc.ab.ca
iCORE	403-210-5335	—	www.icore.ca
Other Entities			
Alberta Heritage Foundation for Medical Research	780-423-5727	1-877-423-5727	www.ahfmr.ab.ca
Alberta Heritage Foundation for Science and Engineering Research	780-423-5735	—	www.albertaingenuity.ca
Advisory Boards, Councils and Authorities			
Alberta Apprenticeship and Industry Training Board	780-427-8765	310-0000	www.tradesecrets.gov.ab.ca
Alberta Council on Admissions and Transfer	780-422-9021	310-0000	www.acat.gov.ab.ca
Campus Alberta Quality Council	780-427-8921	310-0000	www.caqc.gov.ab.ca
Students Finance Board	780-415-4597	310-0000	www.alis.gov.ab.ca/studentsfinance
Alberta Science and Research Authority	780-427-1488	310-0000	www.asra.gov.ab.ca
Public Post-Secondary Institutions			
Colleges			
Alberta College of Art and Design	403-284-7600	1-800-251-8290	www.acad.ab.ca
Bow Valley College	403-410-1400	1-866-428-2663	www.bowvalleycollege.ca
Grande Prairie Regional College	780-539-2944	1-888-539-4772	www.gprc.ab.ca
Grant MacEwan College	780-497-5040	1-888-497-4622	www.macewan.ca
Keyano College	780-791-4800	1-800-251-1408	www.keyano.ca
Lakeland College	780-853-8672	1-800-661-6490	www.lakelandc.ab.ca
Lethbridge College	403-320-3200	1-800-572-0103	www.lethbridgecollege.ab.ca
Medicine Hat College	403-529-3811	1-866-282-8394	www.mhc.ab.ca
Mount Royal College	403-440-6111	1-877-676-0686	www.mtroyal.ab.ca
NorQuest College	780-644-6000	1-866-534-7218	www.norquest.ab.ca
Northern Lakes College	780-751-3200	1-866-652-3456	www.northernlakescollege.ca
Olds College	430-556-8281	1-800-661-6537	www.oldscollege.ab.ca
Portage College	780-623-5551	1-866-623-5551	www.portagecollege.ca
Red Deer College	403-342-3300	1-888-732-4630	www.rdc.ab.ca
Technical Institutes			
Northern Alberta Institute of Technology	780-471-7400	1-800-661-4077	www.nait.ca
Southern Alberta Institute of Technology	403-284-7248	1-877-284-7248	www.sait.ca
Universities			
University of Alberta	780-492-3111	—	www.ualberta.ca
University of Calgary	403-220-5110	—	www.ucalgary.ca
University of Lethbridge	403-320-5700	—	www.uleth.ca
Athabasca University	780-675-6100	1-800-788-9041	www.athabascau.ca
Banff Centre			
The Banff Centre for Continuing Education	403-762-6100	1-800-565-9989	www.banffcentre.ca